OFFERING MEMORANDUM

U.S.$1,067,000,000

The Commonwealth of The Bahamas

8.250% Notes due 2036

The Commonwealth of The Bahamas (the "Government") is offering U.S.$1,067,000,000 aggregate principal amount of its 8.250% notes due 2036, that we refer to as the "notes." The notes will bear interest at the rate of 8.250% per year. Interest on the notes is payable on June 24 and December 24 of each year, beginning on December 24, 2025. The notes will mature on June 24, 2036. The principal amount of the notes will be paid in three equal installments on June 24, 2034, June 24, 2035, and at maturity on June 24, 2036. We may redeem some or all of the notes at any time or from time to time, at our option. The redemption prices are discussed in the section entitled "Description of the Notes—Optional Redemption."

The notes will be our direct, general, unsecured, and unconditional obligations and will rank *pari passu*, without any preference or priority of payment, among themselves and with all our other present and future unsecured and unsubordinated indebtedness; it being understood that this provision shall not be construed so as to require us to make payment under the notes ratably with payments being made under any other indebtedness. The notes will be backed by the full faith and credit of the Government.

The notes will be issued pursuant to a Fiscal Agency Agreement (defined in the section entitled "Description of the Notes") that contains provisions, commonly known as "collective action clauses," regarding acceleration and voting on future amendments, modifications and waivers (which are described in the section entitled "Description of the Notes—Meetings of Note Holders; Modification and Waiver") under which the Government may amend the payment provisions of the notes and certain other terms with the consent of the holders of: (1) with respect to the notes, more than 75% of the aggregate principal amount of the outstanding notes; (2) with respect to two or more series of debt securities (including the notes), if certain "uniformly applicable" requirements are met, more than 75% of the aggregate principal amount of the outstanding debt securities of all series (including the notes) affected by the proposed modification, taken in the aggregate; or (3) with respect to two or more series of debt securities (including the notes), whether or not the "uniformly applicable" requirements are met, more than 66⅔% of the aggregate principal amount of the outstanding debt securities of all series (including the notes) affected by the proposed modification, taken in the aggregate, and more than 50% of the aggregate principal amount of the outstanding debt securities of each series (including the notes) affected by the proposed modification, taken individually.

Application will be made to list the notes on the Luxembourg Stock Exchange and to have the notes admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange. This offering memorandum will constitute a prospectus for the purposes of Luxembourg law dated July 16, 2019, on prospectuses for securities.

The notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. Accordingly, the notes are being offered and sold by the initial purchasers within the United States only to qualified institutional buyers in accordance with Rule 144A under the Securities Act and outside the United States in accordance with Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the notes, see “Notice to Investors.”

Investing in the notes involves risks. See “Risk Factors” beginning on page 11 of this offering memorandum.

Price: 100.000% plus accrued interest, if any, from June 24, 2025.

The initial purchasers expect to deliver the notes to purchasers, in book-entry form through the facilities of The Depository Trust Company and its direct and indirect participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*, on or about June 24, 2025.

Global Coordinators and Joint Bookrunners

BNP PARIBAS | Citigroup | Deutsche Bank Securities

Joint Bookrunner

CIBC Capital Markets

The date of this offering memorandum is June 17, 2025


The Commonwealth of
The Bahamas
N
U.S.
Grand Bahama
Little Bahama Bank
Abaco
Bimini Islands
Berry Islands
Eleuthera
Nassau
New Providence
Atlantic Ocean
Straits of Florida
Andros
Cat Island
Great Guana Cay
Cal Sal Bank
San Salvador
Great Bahama Bank
Rum Cay
Dolly Cays
Great Exuma
Long Island
Samana Cay
Crooked
Plana Cays
Acklins
Ragged
Mayaguana
Little Inagua
CUBA
Great Inagua
Lake Rosa

You should rely only on the information contained in this offering memorandum. We have not authorized anyone to provide you with different information. We are not, and the initial purchasers are not, making an offer of these securities in any state or jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

Reference in this offering memorandum to "The Bahamas," "the Commonwealth," "the Government," "we," "us" and "our" refer to the Commonwealth of The Bahamas.

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This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the securities described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing.

Notwithstanding anything in this offering memorandum to the contrary, each prospective investor (and each employee, representative, or other agent of the prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of this offering and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

We have furnished the information contained in this offering memorandum. The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future. The initial purchasers have not independently verified any of the information contained herein (financial, legal, or otherwise) and assume no responsibility for the accuracy or completeness of any such information.

Neither the U.S. Securities and Exchange Commission, any state securities commission nor any other regulatory authority has approved or disapproved of the securities nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy, completeness or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this offering memorandum entitled "Plan of Distribution" and "Notice to Investors."

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

In this offering memorandum, we rely on and refer to certain economic and financial data. We obtained some of this data from independent publications or other publicly available information. To our knowledge, based on the information provided, no facts have been omitted which would render such information misleading.

We confirm that, to the best of our knowledge, as of the date of this offering memorandum, the information contained in this offering memorandum relating to The Bahamas and the notes is in all material respects in accordance with the facts and does not omit anything likely to affect the import of such information in any material respect. We are responsible for the accuracy and completeness of the information contained in this offering memorandum.

Application will be made to list the notes on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. We will use our reasonable efforts to facilitate the listing and to maintain the listing of the notes on the official list of the Luxembourg Stock Exchange for trading on the Euro MTF Market so long as notes are outstanding; *provided* that, if at any time we determine that maintenance of listing becomes unduly onerous or requires disclosure of information beyond what we would be required to make publicly available in the Commonwealth, we may delist the notes from the official list of the Luxembourg Stock Exchange and the Euro MTF Market. If the notes are delisted from the official list of the Luxembourg Stock Exchange and the Euro MTF Market, we will use our reasonable efforts to list the notes on another internationally recognized securities exchange.

This offering memorandum includes particulars provided in compliance with the listing regulations of the Luxembourg Stock Exchange for trading on the Euro MTF Market for the purpose of giving information with regard to the Commonwealth. We accept full responsibility for the accuracy of the information contained in this offering memorandum and confirm having made all reasonable inquiries that, to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

This offering memorandum contains descriptions that to our knowledge are accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such descriptions are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or the initial purchasers.

NOTICE TO RESIDENTS OF THE BAHAMAS

PURSUANT TO SECTION 92 OF THE *SECURITIES INDUSTRY ACT, 2011*, THIS OFFERING MEMORANDUM IS EXEMPT FROM THE REGISTRATION REQUIREMENTS SET OUT IN THE SAID ACT. ACCORDINGLY, THIS OFFERING MEMORANDUM HAS NOT BEEN APPROVED BY OR REGISTERED WITH THE SECURITIES COMMISSION OF THE BAHAMAS.

STATEMENT REGARDING FORWARD-LOOKING DISCLOSURE

This offering memorandum includes forward-looking statements regarding the Commonwealth which represent the Government's expectations or beliefs concerning future events that involve risks and uncertainties, including those associated with the effect on The Bahamas of Bahamian, U.S. and worldwide economic conditions, the ability of the Government to implement its strategies for economic growth, the ability of the Government to continue to attract tourists to The Bahamas, the possible effect of a hurricane on the Bahamian economy and other factors. Other than statements of historical facts included in this offering memorandum, all statements, including statements under "Summary," "The Commonwealth of The Bahamas," "The Economy," "Monetary and Financial System," "External Sector of the Economy," "Government Finance," "Public Sector Debt" and elsewhere herein, are forward-looking statements. These statements are based on certain assumptions and analyses the Government has made in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate in the circumstances. Although the Government believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Certain important factors that could cause actual results to differ materially from the Government's expectations are disclosed in this offering memorandum, including in conjunction with the forward-looking statements included in this offering memorandum, such as the following:

- our financial condition, including our ability to increase revenues and reduce expenditures;
- declines in the tourism or financial services industries;
- extreme weather conditions, particularly hurricanes and tropical storms;
- difficult conditions in the Bahamian economy, as well as the global economy;
- the fixed foreign exchange regime that is focused on maintaining parity with the U.S. dollar and requires us to maintain adequate levels of foreign currency reserves;
- adverse external factors, such as wars or international conflicts;
- public health crises and epidemics/pandemics and worldwide effects thereof;
- changes in diplomatic and trade relations, including tariffs, trade protection measures, import-export restrictions, trade embargoes and sanctions and other trade barriers; and
- other factors identified in this offering memorandum.

All forward-looking statements related to the Government made in this offering memorandum are qualified by cautionary statements. The Government assumes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

PRESENTATION OF ECONOMIC, FINANCIAL, AND OTHER INFORMATION

In this offering memorandum, unless otherwise specified, all currency amounts are denominated in Bahamian dollars ($). The Bahamian dollar circulates freely with the U.S. dollar (U.S.$) in The Bahamas and its value has been maintained by the Government at parity with the U.S. dollar since 1973, as described in "Monetary and Financial System—Exchange Rates and Exchange Controls."

All economic and financial data included in this offering memorandum are presented on a calendar year basis, except for Government revenue and expenditure data (historical and budgetary), which are presented on a fiscal year basis and except for other data as otherwise indicated. The fiscal year of The Bahamas consists of the twelve months commencing July 1 and ending June 30 of each year. Government finance statistics are compiled in accordance with The Government finance statistics manual prepared by the International Monetary Fund (the "IMF").

Certain revenue, expenditure and other financial information included in this offering memorandum for certain fiscal periods, and certain economic data for certain calendar years, are available only on a provisional basis, pending final compilation and completion of analysis by the Government as described in "Government Finance—Budget Process." Government accounts are considered "provisional" until the audit report relating to such accounts, prepared by the Auditor-General of the Commonwealth (the "Auditor-General"), is presented to Parliament. Provisional information is identified herein by "$^{(p)}$". Except as otherwise noted in this offering memorandum, accounts for fiscal years 2019/2020, and 2020/2021 have been audited by the Auditor-General and tabled in Parliament, while accounts for fiscal years 2021/2022, 2022/2023 and 2023/2024 are being finalized for submission to the Auditor-General. Therefore, except as otherwise noted in this offering memorandum, we are providing revenue, expenditure and other financial information included in this offering memorandum for any fiscal year after fiscal year 2020/2021 on a provisional basis. Economic data included in this offering memorandum for the relevant calendar years is presented on a provisional basis.

The financial information of the Commonwealth included herein has been prepared in accordance with International Public Sector Accounting Standards and on a modified cash basis. Certain financial information is available on the Government's websites at *www.bahamas.gov.bs and www.mof-investor-relations.gov.bs* and the website of the Central Bank of The Bahamas (the "Central Bank") at *www.centralbankbahamas.com*. The information provided on these websites is not part of, or incorporated by reference in, this offering memorandum.

Estimates of Gross Domestic Product ("GDP") and its components for historical periods that are included in this offering memorandum, have been prepared by The Bahamas National Statistical Institute (the "BNSI") (formerly the Department of Statistics of the Commonwealth of The Bahamas). Projections of GDP relating to calendar years subsequent to 2024 are based on IMF reports.

As used herein, the term "public sector debt" includes direct internal and external debt of the Government and, unless the context otherwise requires, internal and external debt of the public corporations of The Bahamas. Considering the Government's ownership interest in these entities, the Government is the guarantor by contract of certain indebtedness of the public corporations, and the incurrence of any debt by any public corporation is subject to Government approval. The Government also provides financial assistance to certain of these public corporations to enable them, among other things, to meet their obligations under various loan agreements as described in "Government Enterprises—Public Corporations" and "Public Sector Debt."

Components contained in tabular information in this offering memorandum may not add up to the totals set forth in the tables due to rounding.

As used herein, the term "n.a." is used to identify economic or financial data that is not available.

SUBMISSION TO JURISDICTION

The Bahamas is a foreign sovereign government. Consequently, it may be difficult for investors to obtain or realize judgments of courts in the United States against The Bahamas. The Government will (1) agree that any legal suit, action or proceeding arising out of or relating to the notes may be instituted by the note holders in any U.S. federal or New York state court of competent jurisdiction located in New York County, State of New York, (2) to the fullest extent that it may effectively do so under applicable U.S. law, waive any objection to venue of any such legal suit, action or proceeding and (3) subject to certain exceptions, waive any immunity (including sovereign immunity) from the jurisdiction of any such U.S. federal or New York state court of competent jurisdiction located in New York County, State of New York. The Government has appointed the Consul General of the Commonwealth of The Bahamas in New York, New York, as its agent for service of process. The above-mentioned submission to jurisdiction, appointment of an agent for service of process and waiver of immunity are subject to significant limitations and qualifications as set forth under "Description of the Notes—Governing Law and Submission to Jurisdiction."

SUMMARY

The following summary is qualified in its entirety by, and is subject to, the detailed financial and other information contained elsewhere in this offering memorandum.

THE COMMONWEALTH OF THE BAHAMAS

The Commonwealth of The Bahamas is an archipelago of approximately 700 islands and cays, spreading over nearly 100,000 square miles of the Atlantic Ocean. From its westernmost island, which lies approximately 50 miles east of Florida, The Bahamas stretches 750 miles in a southeasterly direction to within 50 miles of Haiti and Cuba. According to The Bahamas National Statistical Institute's Census of Population and Housing, the total population of The Bahamas as of the end of 2022 was approximately 398,165, most of which is concentrated in New Providence (where the capital of the country, Nassau, is located) and Grand Bahama.

The Bahamas, which was formerly a British colonial territory, became an independent self-governing nation within the British Commonwealth on July 10, 1973. The political system in The Bahamas is based on the British Westminster model with a Governor General, a Prime Minister, and a bicameral Parliament. The Bahamas has enjoyed political stability since independence. The two primary political parties in The Bahamas are the Progressive Liberal Party ("PLP"), the current ruling party, and the Free National Movement ("FNM"). See "The Commonwealth of The Bahamas—Government, Political System, and Constitution."

The tourism and financial services industries are key contributors to the Bahamian economy, and the balance is spread among retail and wholesale trade, fishing, light manufacturing and agriculture.

Based on the 2024 Selected Issues Paper prepared by the IMF, tourism generates approximately 50% of GDP and employs, directly or indirectly, over half of the workforce. In 2024, The Bahamas attracted approximately 11.2 million tourist arrivals, who spent an estimated $5.5 billion, up from 9.7 million tourists in 2023 who spent an estimated $4.8 billion.

During 2024, approximately 84% of "stopover visitors" (i.e., visitors who stay in excess of 24 hours and require accommodations) were from the United States. Over the past years, the Government has intensified efforts to improve the competitiveness of the tourism sector, principally by promoting new investment in hotels, private cruise ship ports and other facilities, improving infrastructure, developing and enhancing tourist attractions, and expanding marketing efforts.

The financial services sector (which consists predominantly of banks, including private banks, trust companies, insurance companies and investment funds) has historically accounted for an estimated 10%-15% of GDP. The Bahamas has traditionally been an attractive jurisdiction for international financial services businesses because of its favorable tax regime, legislative environment, geographic location, and sophisticated professional services. Over the years, the Government has enacted several measures to strengthen the regulatory and supervisory regime to comply with international "best practices" standards and enhance the attractiveness of The Bahamas as an international financial services center. As of March 31, 2025, there were 188 banks and trust companies licensed in The Bahamas. The Government does not expect any material change in the number of financial institutions licensed in The Bahamas in 2025. The Bahamas faces risks to its institutions, including bank de-risking. In 2019, the Central Bank, with the IMF, assessed the banking and trust sector's financial stability, risk oversight, and crisis management, resulting in new legislation to strengthen the sector. With The Bahamas' removal from the European Union's list of non-cooperative tax havens in February 2024, the focus now remains on ensuring compliance with international standards to maintain the country's positive standing and support continued growth in the financial sector.

In 2024, the BNSI estimated a 3.4% growth in real GDP. Looking ahead, the IMF projects real GDP growth of 1.8% for 2025. In 2023, the inflation rate was 3.1% before falling to 0.4% in 2024. The IMF estimates that inflation will be 0.9% in 2025.

Due to the devastation of Hurricane Dorian, which made landfall in The Bahamas in September 2019, and necessitated increased Government spending, the fiscal deficit sharply increased to 7.1% of GDP in fiscal year 2019/2020. In fiscal year 2020/2021, the expansion of the deficit was compounded by COVID-19-related emergency fiscal policy measures implemented by the Government, which brought the deficit to 11.9% of GDP. The Bahamas began to witness economic recovery in 2022, and by the end of fiscal year 2021/2022 the fiscal deficit had commenced a downward trajectory, settling at 5.6% of GDP before further declining to 3.7% of GDP in fiscal year 2022/2023 and 1.2% of GDP in fiscal year 2023/2024.

In 2024, the Central Government's debt-to-nominal GDP ratio continued on a downward trajectory, declining to 74.3% of GDP. This decline represented a 16.6 percentage points reduction from a peak ratio of 90.9% of GDP in 2020, mainly due to emergency measures implemented during the COVID-19 pandemic.

The Government's overall strategy is to promote the long-term economic development of The Bahamas by pursuing sound macroeconomic and fiscal policies designed to enhance the competitiveness of the Bahamian economy and facilitate private sector investment and consumption. Over the long-term, the key initiatives of the current administration in implementing this strategy include:

- progressing public sector reform to create an efficient and modern public service that enhances the ease of doing business with the Government;

- promoting a more sustainable debt and deficit trajectory through disciplined fiscal management, including expenditure controls, enhanced tax compliance, and improved budgeting processes, greater efficiency in public corporations, pension reform, and adherence to fiscal responsibility legislation. The deficit has been significantly reduced from 11.9% of GDP for the fiscal year 2020/2021 to 1.2% of GDP for the fiscal year 2023/2024, with projections indicating possible further reductions in fiscal year 2024/2025 (0.4%) and a potential surplus in fiscal year 2025/2026 (0.5%);

- promoting job creation, economic growth, and poverty reduction by investing in renewable energy and energy conservation initiatives, expanding the knowledge-based economy, and upgrading Family Islands (which refers to all islands that make up The Bahamas archipelago, except for New Providence and Grand Bahama (the "Family Islands")) airports, docks, and marinas. The fiscal year 2025/2026 budget prioritizes energy reform, aiming to replace outdated infrastructure with modern, efficient systems utilizing advanced technologies;

- providing new business incentives to enterprises offering goods and services in key sectors, including renewable energy, culture, exports, agriculture and fisheries, and the manufacturing of authentic Bahamian souvenirs;

- reducing the cost of energy by modernizing the electricity generation, transmission and distribution infrastructure, expanding renewable energy initiatives and incorporating liquefied natural gas as a cleaner, more cost-effective fuel source;

- employing public-private partnerships to finance capital projects, leveraging private sector expertise and investment to enhance national infrastructure and key development projects;

- supporting Bahamian investments alongside strategic foreign direct investments to drive economic growth, promote entrepreneurship, and ensure inclusive development across all islands; and

- increasing investments in education by strengthening digital learning infrastructure, expanding technical and vocational training programs and implementing administrative policy reforms to improve service delivery.

The Government's recent electricity sector reform aims to enhance energy security by increasing renewable energy production to 30% of The Bahamas' energy mix by 2030 and transitioning from heavy oil to liquefied natural gas ("LNG"). The Government is emphasizing public-private partnerships to facilitate investment, reduce energy costs, and significantly lower CO2 emissions. With successful implementation of these reforms, the Government expects to narrow the current account deficit and strengthen the economic resilience and competitiveness.

The Bahamas Debt Conversion Project for Marine Conservation is the largest marine conservation funding initiative in the country's history. It aims to strengthen the management of the nation's Marine Protected Areas ("MPAs"), which already encompass more than 17% of its nearshore waters. Key components of the project include the development of a Marine Spatial Plan, a national mangrove management plan, and a comprehensive framework to guide the effective, inclusive, and science-based management of the expanded MPA network.

The Bahamas' long-term foreign currency credit ratings are BB- from Fitch Ratings, B+ from S&P Global Ratings ("S&P"), and B1 from Moody's Ratings ("Moody's"). A securities rating is not a recommendation to buy, sell or hold any securities of the Government and may be subject to revision, suspension or withdrawal at any time.

RECENT DEVELOPMENTS

Tender Offer

On June 9, 2025, substantially concurrently with this offering, the Government commenced a tender offer (the "Tender Offer") to repurchase its notes set forth in the table below (the "Tender Offer Notes") up to a maximum aggregate purchase price to be determined by the Government.

Series	Aggregate Principal Amount Outstanding
6.000% Notes due 2028	U.S.$609,336,000
9.000% Notes due 2029	U.S.$225,893,000
6.950% Notes due 2029	U.S.$273,874,000
8.950% Notes due 2032	U.S.$801,803,000
6.625% Notes due 2033	U.S.$199,485,000
7.125% Notes due 2038	U.S.$96,398,000

The Tender Offer expired at 5:00 p.m. (New York City Time), on June 16, 2025. The settlement of the Tender Offer, if successfully completed, is currently expected to be June 24, 2025. The Government intends to use the net proceeds from this offering, subject to the terms and conditions of the Tender Offer, for the purchase of the Tender Offer Notes pursuant to the Tender Offer and any remaining net proceeds for general budgetary purposes of the Government for fiscal years 2024/2025 and 2025/2026. The initial purchasers are also acting as dealer managers in connection with the Tender Offer.

This offering is not conditioned upon consummation of the Tender Offer. Settlement of the Tender Offer is expected to be subject to the satisfaction of certain conditions, including the settlement of this offering. We are permitted, subject to applicable law, to amend, extend or terminate the Tender Offer, and there can be no assurance that we will consummate the Tender Offer. This offering memorandum is not an offer to purchase or a solicitation of an offer to sell the Tender Offer Notes and does not constitute a redemption notice for the Tender Offer Notes. The Tender Offer is being made pursuant to an offer to purchase and related materials, which have been made available to holders of the Tender Offer Notes. Holders of the Tender Offer Notes should read those materials carefully because they contain important information regarding the Tender Offer.

New Credit Rating Agency

In recent years, the Government relied primarily on two rating agencies to assess its creditworthiness – Moody's and S&P. Fitch Ratings was recently engaged to provide a third point of view, to which an inaugural Long-Term Foreign-Currency Issuer Default Rating ("IDR") of 'BB-' with a stable outlook was assigned in April 2025. The rating reflects the country's high GDP per capita, robust governance, and ongoing fiscal consolidation efforts. This inaugural 'BB-' credit rating from Fitch reflects the ongoing recovery of credit perception and marks a significant milestone in The Bahamas' re-rating trajectory. It further demonstrates the Government's commitment to improving market disclosure and financial transparency. A securities rating is not a recommendation to buy, sell or hold any securities of the Government and may be subject to revision, suspension or withdrawal at any time.

Selected Economic and Financial Information
(in millions of Bahamian dollars, except percentages)

	For the Years Ended June 30,							
	2020	2021(p)	2022(p)	2023(p)	2024(p)	As at the 9 Months Ended Mar. 2024	As at the 9 Months Ended Mar. 2025	Budget 2024/2025 (1)
Government Finance:								
Revenue and grants	$2,082.0	$1,908.8	$2,605.7	$2,855.4	$3,069.1	$2,191.5	$2,457.8	$3,543.3
Expenditure	$2,920.5	$3,243.6	$3,327.4	$3,390.0	$3,263.1	$2,405.9	$2,636.7	$3,613.1
Overall budget deficit	($838.5)	($1,334.8)	($721.7)	($534.6)	($194.0)	($214.4)	($178.9)	($69.8)
Overall budget deficit as a percentage of nominal GDP(2)	(7.1%)	(11.9%)	(5.6%)	(3.7%)	(1.2%)	n.a.	n.a.	(0.4%)

	As of and for the Years Ended December 31,					
	2019	2020	2021(p)	2022(p)	2023(p)	2024(p)
The Economy:						
Nominal GDP(2)	$13,277.0	$10,363.2	$12,037.0	$ 13,896.8	$ 15,271.3	$ 15,832.8
Increase (decrease) in nominal GDP(2)	3.6%	(21.9%)	16.2%	15.5%	9.9%	3.7%
Annual inflation rate	2.5%	0.0%	2.9%	5.6%	3.1%	0.4%
Balance of payments(3)						
Current account balance	($281.1)	($2,279.5)	($2,434.0)	($1,232.6)	($1,069.1)	($1,275.2)
Capital account balance	$907.8	$650.0	$53.9	$0.0	$0.0	$0.0
Financial Account (excluding Reserve Assets)	($187.2)	($2,316.3)	($1,493.8)	($1,401.5)	($1,151.9)	($1,155.4)
Foreign exchange reserves	$1,758.1	$2,382.2	$2,432.8	$2,611.0	$2,517.4	$2,633.0
Estimated increase (decrease) in real GDP(1)	(0.8%)	(20.1%)	17.6%	10.9%	3.0%	3.4%

	As of and for the Years Ended December 31,					
	2019	**2020**	**2021(p)**	**2022(p)**	**2023(p)**	**2024(p)**
Debt:						
Central Government debt	$7,733.2	$9,417.4	$10,317.4	$11,035.9	$11,427.5	$11,757.5
Central Government debt as a percentage of nominal GDP	58.2%	90.9%	85.7%	79.4%	74.8%	74.3%
Foreign currency public sector debt(4)	$3,476.0	$4,784.0	$5,032.8	$5,652.5	$5,773.1	$5,731.3
Foreign currency public sector debt as a percentage of nominal GDP	26.2%	46.2%	41.8%	40.7%	37.8%	36.2%
Foreign currency public sector debt service(5)	$325.7	$868.6	$425.9	$1,039.4	$1,143.5	$1,748.4
Foreign currency public sector debt service ratio(6)	6.3%	22.1%	12.8%	13.7%	15.1%	18.0%

(1) Budget figures correspond to the 2025/2026 Draft Estimates of Revenue and Expenditure.
(2) Represents data compiled by The Bahamas National Statistical Institute.
(3) Balance of payment accounts are subject to periodic revisions, which may affect data over several periods.
(4) Includes internal and external foreign currency debt of the Government and the public corporations (whether or not guaranteed by the Government).
(5) Includes all principal and interest payments on foreign currency-denominated debt of the Government and the public corporations (whether or not guaranteed by the Government). See "Public Sector Debt—Debt of Public Corporations."
(6) Represents foreign currency public sector debt service as a percentage of exports of goods and non-factor services. Non-factor services are services that do not generate interest, dividends or profits.

Sources: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025, Central Bank of The Bahamas Quarterly Economic Review, The Bahamas National Statistical Institute, Treasury Accounts and Ministry of Finance.

THE OFFERING

Issuer…..…..	The Commonwealth of The Bahamas.
The Notes…...	U.S.$1,067,000,000 8.250% notes due 2036.
The Offering…...	The notes are being offered only (a) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) outside the United States in reliance on Regulation S under the Securities Act.
Issue Price…...	100.000% of the principal amount of the notes.
Original Issue Date…...	June 24, 2025.
Maturity Date…...	The notes will mature on June 24, 2036.
Amortization…..	The Government will pay the principal amount of the notes in three equal installments on June 24, 2034, June 24, 2035, and at maturity on June 24, 2036.
Interest Payment Dates…...	The notes will bear interest from the date of original issuance payable semiannually in arrears on June 24 and December 24 of each year, commencing on December 24, 2025.
Status of Notes..	The notes will be direct, general, unsecured, and unconditional obligations of the Government and will rank *pari passu,* without any preference or priority of payment, among themselves and with all other present and future unsecured and unsubordinated indebtedness of the Government; it being understood that this provision shall not be construed so as to require the Government to make payments under the notes ratably with payments being made under any other indebtedness. The notes will be backed by the full faith and credit of the Commonwealth of The Bahamas. See "Description of the Notes—Status of the Notes."

Optional Redemption…...	Prior to March 24, 2036 (three months prior to the maturity date of the notes), the notes will be redeemable, at any time and from time to time, at the option of the Government, in whole or in part, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of: • 100% of the principal amount of the notes to be redeemed; and • (a) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed discounted to the redemption date (assuming the notes matured on March 24, 2036) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined under "Description of the Notes—Optional Redemption") plus 50 basis points less (b) interest accrued to the date of redemption. At any time on or after March 24, 2036 (three months prior to the maturity date of the notes), the notes will be redeemable at any time at the option of the Government, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed. In either case, accrued and unpaid interest will be paid thereon to, but excluding, the redemption date.
Negative Pledge and Certain Covenants…...............................	The notes contain a negative pledge covenant and certain affirmative covenants. See "Description of the Notes—Negative Pledge" and "Description of the Notes—Covenants."
Collective Action Clauses……………..….............................	The notes will be issued pursuant to a Fiscal Agency Agreement that contains provisions permitting future modifications to any term of the notes without the approval of all the holders of the notes. Under these provisions, the Government may amend the payment provisions of any series of debt securities issued by the Government (including the notes) and other reserved matters listed in the indenture with the consent of the holders of: (1) with respect to the notes, more than 75% of the aggregate principal amount of the outstanding notes; (2) with respect to two or more series of debt securities (including the notes), if certain "uniformly applicable" requirements are

	met, more than 75% of the aggregate principal amount of the outstanding debt securities of all series (including the notes) affected by the proposed modification, taken in the aggregate; or (3) with respect to two or more series of debt securities (including the notes), whether or not the "uniformly applicable" requirements are met, more than 66⅔% of the aggregate principal amount of the outstanding debt securities of all series (including the notes) affected by the proposed modification, taken in the aggregate, and more than 50% of the aggregate principal amount of the outstanding debt securities of each series (including the notes) affected by the proposed modification, taken individually. See "Description of the Notes—Meetings of Note Holders; Modification and Waiver."
Use of Proceeds…...	The Government intends to use the net proceeds from the sale of the notes to fund the purchase price of the Tender Offer Notes in the Tender Offer and any remaining net proceeds to fund national development objectives, including infrastructure development projects in The Bahamas. See "Use of Proceeds."
Withholding Taxes…..	Payments in respect of the notes are not currently subject to withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature in The Bahamas. The Government will, subject to certain exceptions, pay Additional Amounts (as defined under "Description of the Notes—Additional Amounts") in respect of any future Bahamian withholding taxes as will result in receipt by the holders of notes of such amounts as would have been received by them had no withholding or deduction for such taxes been required. See "Description of the Notes—Additional Amounts."
Form, Denomination and Transfer of Notes….........................	The notes will be issued only in fully registered form, without interest coupons, in minimum denominations of U.S.$200,000 and in integral multiples of U.S.$1,000 in excess thereof. The notes sold within the United States to qualified institutional buyers in reliance on Rule 144A will be represented by a Global Note, referred to as the "Restricted 144A Global Note," deposited with the Fiscal Agent (as defined under "Description of the Notes") as custodian for The Depository Trust Company, or "DTC," and registered in the name of DTC's nominee. The notes sold outside the United States in reliance on Regulation S will be

	represented by a separate Global Note, referred to as the "Regulation S Global Note," and, together with the Restricted 144A Global Note, referred to as the "Global Notes," deposited with the Fiscal Agent as custodian for DTC and registered in the name of DTC's nominee. DTC will credit portions of the principal amount of the Global Notes to the accounts of persons who have DTC accounts, or "DTC participants," designated by the initial purchasers (as defined herein), and ownership in such interests in the Global Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the Global Notes). Except as described in this offering memorandum, definitive notes will not be issued in exchange for beneficial interests in Global Notes. See "Description of the Notes—Form, Denomination, Book-Entry Procedures and Transfer."
Transfer Restrictions...	The notes have not been registered under the Securities Act and are being offered only to qualified institutional buyers (as defined in Rule 144A) in the United States in transactions exempt from the registration requirements of the Securities Act and to persons outside the United States in reliance on Regulation S. As a result, the notes will be subject to restrictions on transferability and resale. For more information, see "Notice to Investors."
Fiscal Agent..	The Bank of New York Mellon.
Governing Law	The notes will be governed by and construed in accordance with the laws of the State of New York, United States of America.
Listing..	Application will be made to list the notes on the Luxembourg Stock Exchange and to have the notes admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange.
Risk Factors..	See "Risk Factors" beginning on page 11 of this offering memorandum for a discussion of factors you should carefully consider before deciding to invest in the notes.

CUSIP, ISIN and Common Code..	For the Restricted 144A Global Note, the CUSIP number is 056732 AP5, the ISIN number is US056732 AP57, and the Common Code 310644889 For the Regulation S Global Note, the CUSIP number is P06518 AL1, the ISIN number is USP06518AL18, and the Common Code is 310645001.

RISK FACTORS

Investing in the notes involves risks. We believe the following risks and uncertainties may adversely affect the market value of the notes or our ability to fulfill our obligations under the notes. You should carefully consider the risks described below and the other information contained in this offering memorandum before making an investment decision. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not currently known to us or that we currently do not believe are material may also adversely affect us.

Risks Related to The Bahamas

Due to a lack of sector diversity in the Bahamian economy, a sharp and sustained downturn in either the tourism or the financial services industries could significantly affect the stability of the Bahamian economy as a whole.

The Bahamian economy is highly dependent upon the tourism and financial services industries. This lack of economic diversity exposes the Bahamian economy to risk of instability, should either sector seriously decline, which occurred when the COVID-19 pandemic triggered an unprecedented crisis in the tourism economy. As tourism is an important source of external reserves and of employment for The Bahamas, the scope and adverse impact of the COVID-19 pandemic impacted the country's external reserves growth, caused a sharp rise in unemployment rate and, because of the secondary round impacts of tourism on other sectors of the economy, reduced overall economic activity and The Bahamas' revenue intake. The nature and magnitude of any future pandemic may have a material adverse impact on The Bahamas.

The Bahamian tourism industry is dependent on the continued perception of The Bahamas as an attractive and safe vacation destination. Any change in this perception, including due to a reduction in the capital investment in tourism infrastructure, any increase in crime or The Bahamas' response to any future pandemics, could have a negative effect on The Bahamas' tourism industry. Increases in travel prices could have a material adverse impact on the tourism industry, given its reliance on a combination of commercial airline services and cruise lines for passenger connections and transport. Increases in the price of airfare would increase the overall cost to tourists of visiting The Bahamas and may reduce the volume of tourists or the frequency with which they visit. Changes in commercial airline services and cruise line services have in the past adversely affected and may in the future adversely impact the profitability of the tourism industry in The Bahamas. Similarly, other events such as strikes, terrorism or terrorist threats, bad weather, or the lack of availability due to schedule changes or a high level of bookings, could further negatively impact the performance of the tourism sector. Furthermore, the tightening monetary policies adopted by central banks around the world in response to global inflationary pressures could result in lower disposable income for consumers in our primary tourism source markets. Consequently, these interconnected internal and external factors present risks to both the tourism sector and the overall economic landscape in The Bahamas.

With respect to the financial services sector, the total assets of the international banking sector declined further by 8.2% to $107.9 billion as of the end of fiscal year 2022/2023, and at an average decline of 6.7% over the last five years. The Bahamas has traditionally been an attractive location for international financial services businesses because of its favorable tax regime, legislative environment, geographic location, and sophisticated professional services. The potential loss of such favorable tax treatment or economic stability, due to, among other things, changes in the regulatory and supervisory regimes, could have a negative effect on The Bahamas' position as an international financial services center.

Extreme weather conditions have affected and may in the future adversely affect The Bahamas and the financial condition of the Government.

The Bahamas is subject to extreme weather conditions and natural disasters, such as hurricanes and tropical storms, which have the potential to cause extensive physical and economic damage. An extreme weather event could, among other things, limit access to, damage or destroy one or more of the Government's or the country's properties or parts of our infrastructure, including roads and bridges. An extreme weather event may also result in power shortages, telecommunications failures, floods, and fires and may cause labor, fuel and other resource shortages that would disrupt the local economy. Such a disaster could significantly increase our expenditures and reduce our revenues, particularly if the Bahamian financial services and tourism industries are affected.

The Bahamas has sustained substantial damage from hurricanes and tropical storms in the past. In 2015 and 2016, two major hurricanes (Hurricane Joaquin and Hurricane Matthew) caused an estimated $828.0 million in damage to New Providence and various Family Islands. In 2019, Hurricane Dorian inflicted significant damage and loss of life in Grand Bahama and Abaco, with damages estimated at approximately $3.4 billion, or more than 25% of GDP for the year. The landfall of another major hurricane on New Providence or another populous island could have a material adverse effect on the economy and financial condition of The Bahamas. In addition, threats of hurricanes in the general vicinity of the country during the hurricane season have had and may have an adverse effect on the tourism industry.

The Bahamas is vulnerable to the risks relating to climate change.

As a small island developing state, The Bahamas is among the most vulnerable globally to the effects of climate change. While the timing, extent and ultimate effects of climate change cannot be determined with any certainty, climate change is predicted to result in sea level rise, which could potentially impact coastal and other low-lying areas (where much of The Bahamas' infrastructure is located) and could cause erosion of beaches. The effects of climate change on the weather (for example, floods, hurricanes, heat waves or drought conditions), sea levels, and water availability and quality, all have the potential to adversely affect the economy and financial condition of The Bahamas.

The Bahamas has responded to the impacts of climate change through a variety of methods and policies. In particular, steps have been taken to strengthen coastal defenses, building codes have been strengthened to provide more robust mitigation against wind damage, and adaptation measures to the loss of major freshwater lenses (i.e., bodies of fresh water typically formed beneath permeable limestone islands), including the use of reverse osmosis to provide all citizens with access to potable water across the country. Additionally, The Bahamas National Energy Policy 2013-2033 ("National Energy Policy") seeks to reduce dependence on fossil fuels by introducing a minimum of 30% renewable energy to the national electricity grids by 2030. As the environment changes with the changes in the global climate, The Bahamas' resolve to adapt and improve remains firm but we cannot assure you that any of these measures or policies will successfully mitigate the risks associated with climate change.

The Bahamas may be unable to obtain financing on satisfactory terms in the future, which could adversely affect its ability to service its public debt, including the notes.

The Bahamas' future fiscal revenues may be insufficient to meet its debt service obligations, and The Bahamas may have to rely in part on additional financing from domestic and international capital markets in order to meet future debt service obligations. In the future, The Bahamas may not be able to access international or domestic capital markets, and The Bahamas' ability to service The Bahamas' public debt, including the notes, may be adversely affected.

The Bahamas relies on multilateral lenders for financing certain projects and to finance budget shortfalls, including the IDB and the World Bank. The IDB was The Bahamas' largest single lender of total central government debt as of December 2024. In certain cases, disbursements under these financing arrangements are subject to compliance by The Bahamas with specific fiscal, performance and other targets. Failure to comply with these undertakings may result in the suspension of disbursements under such financing arrangements with bilateral and multilateral lenders, which may adversely affect The Bahamas' economic condition and access to sources of financing. See "Public Sector Debt—External Debt."

The Bahamas' economy is vulnerable to a number of internal risks, each of which could have a material adverse effect on The Bahamas' economic growth and on the liquidity of, and trading markets for, the notes.

The Bahamian economy and its public finances, are subject to risks arising from internal developments in The Bahamas. These include, but are not limited to:

- general economic and business conditions in The Bahamas;
- the level of consumer demand;
- the level of confidence among domestic consumers and foreign investors in economic, political and security conditions in The Bahamas;
- present and future exchange rates of the Bahamian currency;
- the level of indebtedness;
- rates of inflation;
- rates of unemployment;
- The Bahamas' fiscal and monetary policies;
- the level of foreign direct and portfolio investment;
- the level of interest rates in The Bahamas;
- the impact of pandemics and other public health crises; and
- the impact of geopolitical developments and conflicts on The Bahamas' economy and its ability to raise funding in the external debt markets.

Each of these internal factors may adversely affect the political and economic conditions in the country.

The Bahamas has historically experienced uneven periods of economic growth, including periods of slow economic growth, high inflation, high interest rates, and other economic issues. Notwithstanding The Bahamas' current situation, these issues may reemerge and could adversely affect the Bahamian economy and the liquidity of, and trading markets for, the notes.

Difficult conditions in the Bahamian economy, as well as in the global economy, may adversely affect the Government's revenues and cause its debt levels to rise.

In recent years, through a combination of revenue enhancement measures and expenditure controls, the Government has achieved an improvement in the fiscal deficit, while attempting to maintain the same quality of public services. The national debt to nominal GDP ratio decreased from an estimated 74.8% in 2023 to 74.3% in 2024. The Government has announced a series of expenditure control and enhanced revenue compliance measures to achieve greater fiscal and debt sustainability. See "Government Finance—Fiscal Year 2024/2025 Budget." The Government cannot assure you that such measures will be successful in containing the deficit, or the national debt, or whether such measures will have a negative effect on the Bahamian economy.

The COVID-19 pandemic temporarily interrupted the continuation or commencement of several foreign direct investment projects in the tourism sector, as well as restoration and rebuilding activities in the islands affected by Hurricane Dorian. However, since the COVID-19 pandemic, several of these projects have been completed and are operational, including the Margaritaville Beach Resort at the Pointe, and the Baha Mar water-based theme park. If the inflow of private capital is materially reduced in the future, such as occurred due to the COVID-19 pandemic, a corresponding reduction in the current account deficit would be necessary to avoid a deterioration in the balance of payments. However, if spending on imports of goods and services, such as those utilized by the Government sector, is not reduced, then the improvement in the current account position may not occur, and this would lead to a deterioration in the country's balance of payment position. Furthermore, should growth in the Bahamian economy continue to lag behind that of the U.S. economy, The Bahamas' key source market for tourism, we may be required to incur higher levels of indebtedness. If economic conditions in The Bahamas and/or globally, as well as Government deficit and debt levels, do not improve, this may have a material adverse effect on The Bahamas' financial condition and ability to service its debt, including the notes.

On the external front, there are potential risks to The Bahamas' economy associated with a possible decline in tourism demand, particularly if economic activity slows down in key source markets. The United States, being The Bahamas' primary trading partner, is particularly significant in this regard. See also the risk factor titled "*Due to a lack of sector diversity in the Bahamian economy, a sharp and sustained downturn in either the tourism or the financial services industries could significantly affect the stability of the Bahamian economy as a whole*."

During the peak tourism season in The Bahamas, increased tourist arrivals boost collections of value added tax, departure taxes, and business license fees as a response to higher consumer spending volumes. Thus, Government revenues will be adversely impacted if a slowdown in tourism demand occurs.

In response, the Government continues an aggressive revenue enhancement, fiscal consolidation, and debt reduction plan. See "Government Finance."

The fixed foreign exchange regime requires Bahamian monetary policy to focus primarily on maintaining parity with the U.S. dollar, rather than on other matters.

The Bahamian dollar is fixed at parity with the U.S. dollar. This means that the country must maintain adequate levels of external reserves, based on international benchmarks, to support the country's demand for foreign currency for international transactions. As a result, maintaining the fixed exchange rate regime is the focus of monetary policy, as opposed to other countries where the Central Bank's mandate is, for example, price stability. In addition to tourism inflows, net inflows arising from foreign direct investments have historically financed the persistent current account deficits, together with one-off transactions, and have contributed favorably to external reserves over the years.

The Bahamas is dependent on foreign oil supplies and may be adversely affected by increases in fuel prices and disruptions in the supply of fuel.

The Bahamas depends on imported fuels to satisfy nearly all of its domestic energy consumption. The tourism sector of the economy consumes a large portion of the total imported fuel products and is dependent on them. Weather-related events, natural disasters, political disruptions, or wars involving oil-producing countries, transportation, taxes or marketing, environmental concerns, and other unpredictable events, may result in crude oil and fuel supply shortages and/or price increases in the future. Any disruption in oil supply, or significant increase in international oil prices, may have a material adverse effect on the Bahamian economy.

Geopolitical developments, such as the ongoing conflicts between Russia and Ukraine and in the Middle East, could have a material adverse effect on The Bahamas' economy and its ability to raise funding in the external debt markets in the future.

The Russia-Ukraine conflict contributed to the upward pressure on global prices for certain commodities, including oil and gas and grains, and affected conditions in the international capital markets. The effects of the Russia-Ukraine conflict could materially affect the prices of certain commodities critical to the performance of the Bahamian economy. Further, while the full extent of the impact of the conflict in the Middle East remains to be seen as of the date of this offering memorandum, the effects of this conflict could result in economic uncertainty and upward inflationary pressure, and, as a result, negatively affect the performance of the Bahamian economy or The Bahamas' ability to raise funding in the external debt markets in the future.

The Bahamas' economy is vulnerable to external factors such as changes in diplomatic and trade relations including tariffs, trade protection measures, import-export restrictions, trade embargoes, sanctions, and other trade barriers, which may have a material adverse effect on its economic growth and on the trading markets for the Government's securities.

The Bahamas' economy may be adversely impacted by changes in diplomatic relations and foreign trade policies, including the imposition of tariffs, import/export restrictions, trade embargoes or other trade barriers by other countries. The imposition of sanctions, travel and import/export restrictions, and the resulting increased inflationary pressures and market volatility, among other potential consequences and disruptions in supply chains, including in connection with the military conflicts between Russia and Ukraine and in the Middle East, may adversely affect The Bahamas' economic condition. Economic sanctions imposed by the United States, the European Union, the United Kingdom and other countries as a direct consequence of these conflicts may create further instability.

The new United States administration has imposed or threatened to impose tariffs on a variety of countries and products. In addition, the United States has threatened the imposition of reciprocal tariffs on those countries who impose unequal tariffs or taxes on United States exports. While the administration announced a 90-day stay on the wide-ranging tariffs announced on April 2, 2025, there is no guarantee that these or other threatened tariff increases will not become effective in the future. This uncertainty has contributed to significant turmoil in global markets and fluctuations in the value of the U.S. dollar.

If tariffs levied by the U.S. impact the value of the U.S. dollar, the purchasing power of the Bahamian dollar could also decline, as the Bahamian dollar is maintained at a fixed parity with the U.S. dollar. See "Monetary and Financial System—Exchange Rates and Exchange Controls." This could lead to a rise in the relative cost of imports from key trading partners, and The Bahamas could experience higher prices on essential goods, impacting inflation and consumer spending. Additionally, any economic slowdown in the U.S. due to United States tariff policy could affect Bahamian tourism, a vital sector. To navigate these uncertainties, local businesses are exploring alternative suppliers and strengthening domestic production. While the recent 90-day pause offers a short-term reprieve, long-term strategies will be key to maintaining our economic resilience in the face of a weakening dollar and potential decreased United States tourism.

Changes in tax policies and regulations, the interpretation thereof or, the adoption of other tax reforms or global tax or financial regulatory initiatives could significantly affect The Bahamas' economic performance and public finances.

The Bahamas has traditionally been an attractive jurisdiction for international financial services businesses because of its favorable tax regime. The Bahamas has no income taxes, capital gains taxes or profit taxes, and residents are free from succession, inheritance, taxes on gifts to close family members, and estate taxes. The introduction of new tax laws and regulations, and uncertainties with respect to future tax policies, pose risks to The Bahamas. Changes in tax-related laws and regulations, and interpretations thereof, can affect tax burdens by increasing tax rates and fees, creating new taxes, limiting tax deductions, and eliminating tax-based incentives. It is unclear whether or in what form any such changes will be enacted into law or how soon any such changes could become effective in the event they were enacted into law.

The Government's financial position may be adversely affected by changes in taxation policies. See "The Economy—Social and Economic Policy Framework—Fiscal Policy."

Furthermore, sustained external pressure, such as de-risking by banks operating in The Bahamas, the reputational fallout resulting from blacklisting, or the threat of blacklisting by the European Union due to its concerns about remaining deficiencies in The Bahamas' anti-money laundering and counter terrorist financing framework, may create challenges in attracting new business and retaining existing business, which could make The Bahamas less attractive as a jurisdiction for international financial services businesses and have a material adverse impact on the financial services industry in The Bahamas and accordingly on the Government's financial position. See "Monetary and Financial System—Financial Sector—Anti-Money Laundering / Countering Financing of Terrorism (AML/CFT) Developments" for more information.

Any revision to The Bahamas' official financial or economic data resulting from any subsequent review of such data by the Central Bank or other government entities or the Auditor-General could have a material adverse effect on The Bahamas' ability to service its public debt, including the notes.

Certain financial and other information presented in this offering memorandum may subsequently be materially adjusted or revised to reflect new or more accurate data as a result of the periodic review of The Bahamas' official financial and economic statistics. Such revisions could reveal that The Bahamas' economic and financial conditions as of any particular date are materially different from those described in this offering memorandum. The Bahamas can offer no assurance that such adjustments or revisions will not have a material adverse effect on the interests of The Bahamas' creditors, including any purchasers of the notes pursuant to this offer.

Risks Related to the Notes

We are a foreign sovereign government, and you may not be able to enforce civil liability provisions of the federal or state securities laws of the United States or provisions of the Fiscal Agency Agreement.

The Bahamas is a foreign sovereign government. To enforce rights under the notes and the Fiscal Agency Agreement against the Government, holders of notes or the Fiscal Agent under the Fiscal Agency Agreement may need to obtain a judgment against the Government in a court of competent jurisdiction in the Commonwealth of The Bahamas, which may prove costly and difficult. Foreign sovereign governments and agencies and instrumentalities thereof are generally immune from being sued in U.S. courts and from the enforcement of judgments of those courts under U.S. law, but may waive this immunity or may be subject to limited exceptions to this immunity, as set forth in the U.S. Foreign Sovereign Immunities Act of 1976 (the "Immunities Act"). The Government has waived sovereign immunity, subject to certain conditions pursuant to the Fiscal Agency Agreement, in any action arising out of or relating to the Fiscal Agency Agreement or the transactions contemplated hereby to the fullest extent permitted by applicable law, except for immunity from execution and attachment as set forth in Section 19(4) of the Crown Proceedings Act (Chapter 68, Statute Law of The Bahamas). However, the Government, among other rights, reserves the right to plead sovereign immunity under the Immunities Act with respect to other actions brought against it under U.S. federal securities laws or any state securities laws. In the absence of a waiver of immunity by the Government with respect to such actions, it would not be possible to obtain a U.S. judgment in such action unless a court were to determine that the Government is not entitled to sovereign immunity under the Immunities Act with respect to such action. Moreover, it may not be possible to enforce a judgment obtained under the Immunities Act against the Government's property located in the United States except under the limited circumstances specified in the Immunities Act. Consequently, it may be difficult for you to obtain or enforce judgments of U.S. courts against us. See "Enforcement of Civil Liabilities."

Redemption may adversely affect your return on the notes.

The notes are redeemable at the Government's option and the Government may choose to redeem some or all of the notes from time to time, especially when prevailing interest rates are lower than the rate borne by the notes. If prevailing rates are lower at the time of redemption, you would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the notes being redeemed. See "Description of the Notes—Optional Redemption."

The notes will be subject to transfer restrictions.

The notes have not been registered under the Securities Act or the securities laws of any other jurisdiction. The notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. These exemptions include offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A. For a discussion of restrictions on resale and transfer, see "Notice to Investors."

The notes will contain provisions that permit The Bahamas to amend the payment terms without the consent of all holders.

The Fiscal Agency Agreement governing the notes will contain provisions that would permit The Bahamas to amend, modify or change a provision of the notes, or obtain the waiver of compliance with a provision of the notes, without The Bahamas obtaining the consent or affirmative vote of each holder of the notes. These provisions are commonly referred to as "collective action clauses." Under the terms of the collective action clauses in the Fiscal Agency Agreement, certain key provisions of the notes, including, among others, the maturity date, interest rate and other payment terms, may be amended with only the consent of the holders of: (1) with respect to the notes, more than 75% of the aggregate principal amount of the outstanding notes, (2) with respect to two or more series of debt securities (including the notes), if certain "uniformly applicable" requirements are met, more than 75% of the aggregate principal amount of the outstanding debt securities of all series (including the notes) affected by the proposed modification, taken in the aggregate, or (3) with respect to two or more series of debt securities (including the notes), whether or not the "uniformly applicable" requirements are met, more than 66⅔% of the aggregate principal amount of the outstanding debt securities of all series (including the notes) affected by the proposed modification, taken in the aggregate, and more than 50% of the aggregate principal amount of the outstanding debt securities of each series (including the notes) affected by the proposed modification, taken individually. As a result, material terms of the notes may be amended, modified or eliminated in a manner that is adverse to you without your consent. See "Description of the Notes—Meetings of Note Holders; Modification and Waiver."

Federal court decisions in New York create uncertainty regarding the meaning of ranking provisions and could potentially reduce or hinder the ability of sovereign issuers to restructure their debt.

In litigation in federal courts in New York captioned NML Capital, Ltd. v. Republic of Argentina, in 2012 the U.S. Court of Appeals for the Second Circuit ruled that the ranking clause in bonds issued by Argentina prevents Argentina from making payments in respect of the bonds unless it makes pro rata payments on defaulted debt that ranks equally with the performing bonds. The U.S. Supreme Court denied a petition for certiorari.

The decision could potentially hinder or impede future sovereign debt restructurings and distressed debt management unless sovereign issuers obtain the requisite bondholder consents pursuant to a collective action clause in their debt, such as the collective action clause contained in the notes. While the notes will rank at least equally with all other present and future unsecured and unsubordinated obligations of the Government, this provision in the Fiscal Agency Agreement shall not be construed so as to require the Government to make payments under the notes ratably with payments being made under any other indebtedness. See "Description of the Notes—Status of the

Notes," "Description of the Notes—Covenants," "Description of the Notes—Negative Pledge," "Description of the Notes—Events of Default," and "Description of the Notes—Meetings of Note Holders; Modification and Waiver."

The Fiscal Agency Agreement will not prevent the Government from incurring additional debt or, subject to certain limitations, secured debt.

The Fiscal Agency Agreement governing the notes will not prohibit the Government from incurring additional debt and will allow, subject to certain limitations, the incurrence of secured debt. In addition, the Fiscal Agency Agreement will not impose any restrictions or limitations on any of the entities owned or controlled by the Government. As a result, if the Government, or its owned or controlled entities, incur more debt than they can repay, note holders may not receive full payment on their notes. In addition, if payment of any secured debt is accelerated, secured lenders will have priority over claims for payment on the notes to the extent of the value of the assets that constitute their collateral.

The Bahamas' credit ratings may not reflect all risks of investment in the notes.

The Bahamas' credit ratings are an assessment by rating agencies of its ability to pay its debts when due. The Bahamas' credit ratings and the ratings outlooks currently assigned depend, in part, on economic conditions and other factors that affect credit risk and are outside the control of the Government, as well as assessments of the creditworthiness of its productive state-owned enterprises. Consequently, real or anticipated changes in its credit ratings will generally affect the market value of the notes. These credit ratings also may not reflect the potential impact of risks relating to structure or marketing of the notes. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating.

Developments in other markets may adversely affect the market price of the notes.

The market price of the notes may be adversely affected by developments in the international financial markets and world economic conditions. The market for the notes is, to varying degrees, influenced by economic and market conditions in the United States and Caribbean countries, in addition to other countries. Although economic conditions are different in each country, investors' reactions to developments in one country may affect the securities markets and the securities of issuers from other countries or territories, including The Bahamas. We cannot predict the effect of developments in other securities markets on the market value of the notes.

Changes in the interest rate environment could adversely impact the trading price of the notes.

We expect that the trading price of the notes will depend on a variety of factors, including, without limitation, the interest rate environment. If interest rates, or expected future interest rates, rise during the term of the notes, the price of the notes will likely decrease. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the trading price of the notes. Because interest rates and interest rate expectations are influenced by a wide variety of factors, many of which are beyond the Government's control, we cannot assure you that changes in interest rates or interest rate expectations will not adversely affect the trading price of the notes.

An active trading market may not develop for the notes.

The notes are a new issue of securities for which there is no established public market. We do not intend to have the notes listed on a U.S. national securities exchange or to arrange for quotation on any automated dealer quotation systems. Although application will be made to list the notes on the official list of the Luxembourg Stock Exchange for trading on the Euro MTF Market, there is no existing market for the notes, and we can offer no assurance as to the liquidity of any market that may develop for the notes, your ability to sell your notes or the prices at which you may be able to sell your notes. The initial purchasers have advised us that they may make a market in the notes. However, the initial purchasers are not obligated to do so and may discontinue any market making activities with respect to the notes at any time without notice. The liquidity of any market for the notes will depend on several factors, including:

- the number of holders of the notes;
- the market for similar securities;
- the interest of securities dealers in making a market in the notes; and
- prevailing interest rates.

We cannot assure you as to the development or liquidity of any trading market for the notes.

USE OF PROCEEDS

The net proceeds to be received by the Government from the sale of the notes will be approximately $1.06 billion, after deducting the initial purchasers' discounts and estimated offering expenses. The Government intends to use the net proceeds from the sale of the notes to fund the purchase price of the Tender Offer Notes in the Tender Offer and to use any remaining net proceeds to fund national development objectives, including infrastructure development projects in The Bahamas. As of the date hereof, there was approximately U.S. $2.2 billion principal amount of the Tender Offer Notes outstanding.

Series	Interest Rate	Aggregate Principal Amount Outstanding	Maturity Date
6.000% Notes due 2028	6.000%	U.S.$609,336,000	November 21, 2028
9.000% Notes due 2029	9.000%	U.S.$225,893,000	June 16, 2029
6.950% Notes due 2029	6.950%	U.S.$273,874,000	November 20, 2029
8.950% Notes due 2032	8.950%	U.S.$801,803,000	October 15, 2032
6.625% Notes due 2033	6.625%	U.S.$199,485,000	May 15, 2033
7.125% Notes due 2038	7.125%	U.S.$96,398,000	April 2, 2038

THE COMMONWEALTH OF THE BAHAMAS

General

The Commonwealth of The Bahamas is an archipelago of approximately 700 islands and cays, spreading over nearly 100,000 square miles of the Atlantic Ocean. From its westernmost island, which lies approximately 50 miles east of Florida in the United States, The Bahamas stretches 750 miles in a southeasterly direction to within 50 miles of Haiti and Cuba. There are 29 major islands, 661 cays, and approximately 2,400 rocks which, together, aggregate 5,382 square miles. The two main islands are New Providence (on which the capital of the country, Nassau, is located and which has an area of approximately 80 square miles) and Grand Bahama (which has an area of approximately 530 square miles). The geography of The Bahamas is relatively low and flat, with rock formations creating low ridges beyond which lie many lagoons.

According to The Bahamas National Statistical Institute's Census of Population and Housing, the total population of The Bahamas as of the end of 2022 was approximately 398,165. The most populated islands in The Bahamas as of 2022 were New Providence, with approximately 296,732 residents, or approximately 74.5% of the population of the country, and Grand Bahama, with a population of approximately 46,740, or approximately 11.7% of the population. The Family Islands are more sparsely populated. Approximately 93.0% of the Bahamian population was then under the age of 65 and approximately 22.5% of the population was then under the age of 15. In 2022, according to the United Nations Development Program, 2023-2024, life expectancy at birth in The Bahamas was 74.4 years, and the human development ranking of The Bahamas was 57. The ethnic composition of the population is predominantly of African descent, with a substantial minority consisting of immigrants from the United Kingdom, other countries in Europe and North America. English is the official language of The Bahamas.

The Bahamas has a tropical climate with a relatively even temperature throughout the year, which generally varies between 75 and 89 degrees Fahrenheit. The islands are kept warm in the winter months by the Gulf Stream, while the southerly trade winds ensure a comfortable temperature during the summer months. The hurricane season generally lasts from June to November. In recent years, the hurricane season has appeared to be more active, with major storms impacting the country in 2015 (Hurricane Joaquin); 2016 (Hurricane Matthew), which caused significant damage to several islands; and 2019 (Hurricane Dorian) which caused widespread damage and loss of life on Grand Bahama and Abaco. Grand Bahama and Abaco are the second and third most populated islands in The Bahamas, with approximately 11.7% and 4.1%, respectively, of the total population. Prior to Hurricane Wilma in 2005, which caused significant damage on Grand Bahama and some of the Family Islands, the last major hurricane to cause significant damage to The Bahamas occurred in 1929, with particularly devastating effects to New Providence. The landfall of another major hurricane on New Providence or Grand Bahama could have a material adverse effect on the economy and financial condition of The Bahamas. In addition, threats of hurricanes in the general vicinity of the country during the hurricane season have had and may have an adverse effect on our tourism industry.

As part of the Government's multi-layered financial resilience strategy, the Government has implemented several initiatives to strengthen its ability to respond to natural disasters and other external shocks. These measures include participation in the Caribbean Catastrophe Risk Insurance Facility (the "CCRIF"), which provides member governments in the Caribbean with short term liquidity as insurance against government loss of revenue caused by natural disasters for rapid liquidity support; a Contingent Credit Facility with the Inter-American Development Bank (the "IDB") for concessional financing in the event of a natural disaster; and the inclusion of natural disaster and pandemic clauses and principal deferral clauses in certain loan agreements to allow for temporary suspension of principal payments during crises. The CCRIF is designed to limit the financial impact of catastrophic hurricanes and earthquakes on governments in this region; however, the Government expects that any pay-outs will represent only a small portion of its expenses associated with such disasters. The Government has also revised the national building code to incorporate climate-resilient standards and continues to build fiscal buffers through prudent management. This comprehensive strategy enhances the country's ability to manage disaster-related shocks while preserving fiscal sustainability and promoting long-term structural resilience. In accordance with the Central Bank of The Bahamas (Amendment) Act, 2018, the Government has access to dormant bank account balances that have not been claimed by depositors within the specified 17-year period after which the depositors' claims to the deposits are extinguished. In line with the Government's intent to use these funds for disaster relief purposes, the initial $41.3 million in transferred balances was utilized to assist with hurricane relief initiatives. As of the end of December 2024, the Government's dormant account facility at the Central Bank had a balance of $27.6 million. The Government intends to formalize a comprehensive legislative framework for disaster relief funding, which will include the Government's dormant account facility at the Central Bank and budgetary contributions to be made over time.

Government, Political System, and Constitution

The Bahamas, which was formerly a British colonial territory, became an independent self-governing nation within the British Commonwealth on July 10, 1973. The Bahamas has enjoyed political stability since independence.

The Bahamas recognizes the British monarch as its formal head of state. An appointed Governor General serves as the British monarch's representative in The Bahamas. The Governor General is appointed by His Majesty, the King, based on the recommendation of the Prime Minister of The Bahamas and generally acts in accordance with the advice of the Cabinet.

Politically, Bahamians have had considerable control over their affairs since long before independence, beginning with the first government assembly in 1729. In May 1963, a conference was held in London to consider a new constitution for The Bahamas at which it was agreed that the colony should have full internal self-government, with the Governor General retaining reserved powers only for foreign affairs, defense, and internal security. The new constitution came into force on January 7, 1964, and constitutional advances in 1969 brought the country to the verge of complete self-government.

The political system in The Bahamas is based on the British Westminster model. Parliament consists of the House of Assembly and the Senate. The House of Assembly currently is comprised of 39 members who are elected by universal adult suffrage at least every five years. The Governor General appoints, as Prime Minister, the member of the House of Assembly who is the leader of the party that commands the support of the majority of the members of the House of Assembly. The Senate is comprised of 16 members who are appointed by the Governor General as follows: nine on the advice of the Prime Minister, four on the advice of the Leader of the Opposition, and three on the advice of the Prime Minister after consultation with the Leader of the Opposition. The term of Parliament is typically a five-year period. However, the Governor General, acting on the advice of the Prime Minister, may dissolve the proceedings of Parliament at any time within this five-year period. Upon the dissolution of Parliament, all members of the House of Assembly and Senate must vacate their seats and general elections ensue.

Following the most recent general election held on September 16, 2021, the House of Assembly was comprised of 32 members from the PLP and six members from the FNM. The Honorable Philip E. Davis, who is the leader of the PLP, serves as the Prime Minister. The Leader of the Opposition is the Honorable Michael Pintard, M.P., leader of the FNM. The PLP and the FNM are generally considered centrist political parties in terms of political philosophy and policies.

The executive business of the country is conducted by a cabinet currently consisting of the Prime Minister and 21 other ministers (the "Cabinet"). The ministers are appointed by the Governor General on the advice of the leader of the Government, who generally is also the Prime Minister.

The Bahamas boasts a strong institutional framework, supported by a history of political stability, smooth transitions of power, and high standards of government transparency. In 2024, Transparency International ranked The Bahamas 28 out of 180 countries in its Corruption Perceptions Index. Furthermore, the country's governance is considered to be on par with high-income economies and outperforms the Latin America and Caribbean regional average across all of the World Bank's Worldwide Governance Indicators in 2023, as follows: Control of Corruption (88.2 vs. 49.0 regional average), Political Stability (84.8 vs. 57.9), Voice and Accountability (74.0 vs. 57.7), Government Effectiveness (61.8 vs. 49.1), Rule of Law (55.7 vs. 48.1), and Regulatory Quality (51.9 vs. 51.8).

Judicial power is vested in the Judicial Committee of the Privy Council (based in the United Kingdom), The Bahamas Court of Appeal, the Supreme Court, and the Magistrates' Courts. Appeals in almost all matters lie from the Supreme Court to The Bahamas Court of Appeal, with further appeal in certain instances to the Judicial Committee of His Majesty's Privy Council. The Governor General appoints the Chief Justice of the Supreme Court on the advice of the Prime Minister after consultation with the Leader of the Opposition. The Governor General appoints the other justices with the advice of the Judicial and Legal Service Commission. The Judicial Committee of His Majesty's Privy Council serves as the highest appellate court. English common law is the basis of the Bahamian legal system.

Bahamas Military

The Royal Bahamas Defence Force (the "Defence Force") is the coast guard of The Bahamas, which comprises the entirety of armed forces in The Bahamas, as the country does not have an army or an air force. Under The Defence Act, the Defence Force has been mandated to defend The Bahamas, protect its territorial integrity, patrol its waters, provide assistance in times of disaster, maintain order in conjunction with the law enforcement agencies of The Bahamas, and carry out any such duties as determined by the country's National Security Council. The Defence Force is also a member of the Caribbean Community's (the "CARICOM") Regional Security Task Force, an international agreement for the defense and security of the eastern Caribbean region.

Education System

The education system in The Bahamas is comparable to that of many Western countries. Approximately 10.3% of the country's fiscal year 2025/2026 budget was allocated to education, which is considered a top priority of the Government. In 2024, education represented an estimated 2.2% of GDP. The adult literacy rate was estimated to be 96% as of 2020, according to the IMF's 2024 Article IV Bahamas Report.

The Bahamas' education system classifies schools into three major categories: (1) primary, for children ages five to eleven; (2) secondary, for ages eleven to sixteen; and (3) schools for all ages in areas where more than one school is not justified by the corresponding population density. In general, schools in the Family Islands are smaller than those in New Providence and Grand Bahama due to the relatively long distances between settlements.

The Bahamas has both public and private schools. In fiscal year 2019/2020, the Ministry of Education operated 167 public schools, while private schools account for 77 of the country's schools. The Government has put substantial effort into developing its education system, making education available to all Bahamians at no cost to families, regardless of their financial means.

The Bahamas' education system is based on the Colonial British model. In primary school grades, students sit for exams at the end of each academic year, however, promotion is largely automatic. In secondary school grades, students must take their first major external exam, the National Junior Certificate Examination, in the ninth grade. The country's exit examination for secondary school is The Bahamas General Certificate of Secondary Education. The credential received permits its holders to matriculate into post-secondary education or join the labor market.

The country's education system also offers Bahamians the opportunity to pursue post-secondary studies. The University of The Bahamas, which was chartered on November 10, 2016 and had its genesis in the College of The Bahamas, is the Government's academic tertiary education institution. The Bahamas Technical and Vocational Institute (the "BTVI") offers certificate, diploma, and associates of science degree programs to all students with campuses on New Providence and Grand Bahama. The BTVI also offers online instruction. Over the years, several non-Bahamian colleges have offered higher education programs in The Bahamas.

Social Welfare System

In 1974, the Government introduced the country's first national social insurance program, which provides benefits to qualified contributors for retirement, disability, illness, maternity, funeral expenses, industrial benefits and survivor's assistance. Noncontributory assistance is available for pensions to seniors, survivor's benefits, and disability. Most of these benefits are paid out for noncontributory old-age pensions. The Government also administers a number of social welfare programs under its Ministry of Social Services, Information and Broadcasting which has oversight over social services, social welfare, pensions to seniors, care for the indigent and the elderly, child protection and rehabilitative services, among others.

The Government continues to invest resources to address overall crime and safety and to reduce any security threats in The Bahamas, especially given the risks to the sustainability of the tourism and financial services industries. This is being accomplished through the use of sophisticated surveillance methods, including the implementation of shot spotter technology in high crime areas, drones, and an expanding network of closed-circuit televisions across New Providence. The establishment of the Real Time Crime Center in early 2020 and the merging of other resources to provide a more comprehensive first line of defense in dealing with major crimes has also enhanced operational capabilities. Most of these efforts are concentrated on the island of New Providence, where the majority of criminal activity has historically occurred.

Based on statistics compiled by the Royal Bahamas Police Force, major crimes across The Bahamas have declined by 10% to 2,825 incidents in 2024, compared with 3,153 incidents in 2023. Between 2023 and 2024, New Providence recorded a decrease in major crimes of 10%, Grand Bahama and the Northern Bahamas recorded a decrease of 10% and the Family Islands a decrease of 15%.

Membership in International Organizations

The Bahamas is a member of various regional and international organizations, including the Commonwealth of Nations, the United Nations and its agencies, the IMF, and the World Bank. The Bahamas also has membership in CARICOM, the Caribbean Development Bank, the Organization of American States, and the IADB. The Bahamas is a signatory to the Cotonou Agreement, which associates the African, Caribbean and Pacific States with the European Union. The Government continues to pursue membership with the World Trade Organization (the "WTO"), which has granted The Bahamas observer status. The Bahamas is also signatory to the Economic Partnership Agreement between the Caribbean Forum (CARICOM plus the Dominican Republic) and the European Union. Additionally, The Bahamas recently became a member of the CAF (Development Bank of Latin America and the Caribbean), which provides access to concessional financial resources and technical expertise for regional development and infrastructure projects.

Bahamas Tax System

The absence of direct taxation has enabled The Bahamas to attract a substantial number of financial enterprises in search of tax efficient jurisdictions. The Bahamas has no income taxes, capital gains taxes or profit taxes, and residents are free from succession, inheritance, taxes on gifts to close family members or estate taxes. The only direct tax is a real property tax, ranging from 0.625% to 1.0% (subject to a maximum of $150,000) for owner-occupied property, 0.75% to 1.5% for commercial property, and 0.625% for residential property (with a minimum of $300). Businesses are taxed on their turnover at rates ranging in most cases from 0.5% to 1.25%, and new and small businesses are exempt. Insurance companies are subject to business license taxes on their premium revenue, which is collected by their regulator and subsequently sent to the Department of Inland Revenue. Banks and other financial institutions are also subject to business license taxes that are directly remitted to the Department of Inland Revenue. All of these institutions are also charged regulator fees collected directly by their regulators. In January 2015, the Government introduced value added tax ("VAT"), with a current standard rate of 10%—having been decreased from

12% on January 1, 2022. VAT on real property transfers is at the rate of 2.5% for properties valued at $100,000 or less and ranges from 4% to 10% for properties above $100,000, depending on the property value and buyer's status. VAT is the dominant source of government revenue, accounting for approximately 44.0% of The Bahamas' revenue in fiscal year 2023/2024. The average rate of duty charges on imports is estimated between 30% and 35%, although there are numerous exemptions. Additionally, The Bahamas recently introduced the Domestic Minimum Top-Up Tax ("DMTT"), which is designed to ensure that multinational enterprises ("MNEs") pay their due taxes within The Bahamas, acting as an interim measure while broader corporate tax reforms are evaluated. The DMTT proposal aligns with the OECD/G20's Pillar Two framework, which mandates that MNEs pay a minimum effective tax rate of 15% on profits in each jurisdiction. The Domestic Minimum Top-Up Tax Act, 2024, came into force on January 1, 2024 and all amounts of DMTT in respect of the fiscal year of an MNE group for which a constituent entity is liable must be paid no later than:

(a) if the fiscal year is the "transition year" of the MNE group with respect to The Bahamas, the day that is eighteen months after the last day of that fiscal year; or

(b) in any other case, the day that is fifteen months after the last day of that fiscal year.

Bahamas Infrastructure and Energy Sector

The Bahamas has solid infrastructure in place. The Government has spent tens of millions of dollars on infrastructure improvements since the early 1990s, resulting in modern telecommunications and transportation networks, as well as medical facilities. To facilitate the needs of its high-tech businesses, The Bahamas offers high-speed fiber optic links and broadband Internet (cable and DSL).

In 2013, the Government substantially completed the New Providence Road Improvement Project, which has improved the road system and decreased traffic congestion, road deterioration and flooding on New Providence. Furthermore, The Bahamas has two international airports (Lynden Pindling International Airport in New Providence and Grand Bahama International Airport in Grand Bahama), together with six Tier I airports on various Family Islands that are served by various international airlines that provide direct flights to and from key destinations in Europe, North and South America, and the Caribbean, with connections worldwide.

Scheduled domestic flights by the national airline, Bahamasair, link the island chain while also providing scheduled service to Florida, Georgia, Cuba, Turks and Caicos, Jamaica and the Dominican Republic. Charter services are available to all parts of the archipelago.

The Bahamas is served by several hospitals, mini-hospitals, and clinics. The Princess Margaret Hospital on New Providence is the largest and offers specialist facilities. Two smaller private hospitals, Doctors Hospital and Lyford Cay Hospital, also offer specialized medical treatment. Hospital facilities are also available in Freeport, with Rand Memorial Hospital serving as the primary public hospital. Resident medical practitioners provide health care on the Family Islands, where services are more limited, and serious cases are often referred to New Providence or Freeport.

The Bahamas Power and Light Limited ("BPL"), the public corporation responsible for electricity generation and transmission, has been focusing on integrating renewable energy sources, including solar installations, to modernize the energy sector and reduce dependence on imported fossil fuels. This strategy aligns with the Government of The Bahamas' broader energy reform agenda, which seeks to enhance energy resilience, improve efficiency, and foster economic growth.

As part of its modernization efforts, BPL is upgrading its transmission and distribution network to improve the reliability and efficiency of electricity delivery, particularly as more renewable energy sources are integrated into the grid. This includes strengthening the grid to accommodate solar energy's intermittent nature and ensuring effective distribution to both urban and remote areas.

A key development in this agenda is the partnership between Pike Corporation and BPL to manage BPL's transmission and distribution ("T&D") system in New Providence. Under the partnership, the Government holds 40% ownership in the newly formed Bahamas Grid Company, while Pike Corporation's Bahamian management company, Island Grid Solutions, holds 60% ownership.

Additionally, the Government has launched an initiative to introduce solar micro grids throughout the Family Islands as part of an IDB-funded program aimed at enhancing energy resilience and fostering economic growth. These micro grids are designed to provide cleaner, more sustainable energy solutions to remote communities and reduce reliance on imported fossil fuels.

To further reduce dependence on fossil fuels, the Government signed an agreement with both Freepoint Oil Company Ltd. ("FOCOL") and Shell North America regarding cleaner energy projects across New Providence and the Family Islands. The energy projects include a regasification facility, and a utility-scale LNG generation terminal, with first gas anticipated by August 2025. LNG will offer a more efficient and lower-cost fuel alternative, while decreasing the country's reliance on energy imports.

THE ECONOMY

General

The Bahamian economy is highly dependent upon the tourism and financial services industries. These two sectors of the economy, which include tourism-driven retail sales, real estate, construction, and manufacturing, together traditionally account for more than half of total GDP and employment.

Based on the 2024 Selected Issues Paper prepared by the IMF, tourism generates approximately 50% of GDP. In 2024, The Bahamas attracted approximately 11.2 million tourist arrivals, that spent an estimated $5.5 billion, up from 9.7 million tourists in 2023 that spent an estimated $4.8 billion. In 2022, the 7.0 million visitors spent in excess of $4.2 billion during their visits. In 2024, stopover visitors constituted approximately 16.7% of total visitors to The Bahamas, with nearly 84.0% of all stopover visitors originating from the United States. Over the past several years, the Government has intensified efforts to improve the competitiveness of the tourism sector, principally by promoting new investment in hotels, private ports of call for cruise lines and other facilities, improving infrastructure, developing and enhancing tourist attractions, and expanding marketing efforts.

The financial services sector (which consists predominantly of banks, including private banks and trust companies, insurance companies, and investment funds) has also historically accounted for an estimated 10%-15% of GDP. The Bahamas has traditionally been an attractive jurisdiction for international financial services businesses because of its favorable tax regime, legislative environment, and supportive professional infrastructure. Over the years, various legislative and regulatory initiatives were implemented to strengthen the regulatory and supervisory regime—aimed at bringing the financial sector into compliance with international "best practices" standards and enhancing the attractiveness of The Bahamas as an international financial services center. The Government sector also plays a significant role in the Bahamian economy.

The following table sets forth summary GDP information for the years ended December 31, 2019 through December 31, 2024.

	Years Ended December 31,					
	2019(p)	2020(p)	2021(p)	2022(p)	2023(p)	2024(p)
Nominal GDP (in millions)(1)	$ 13,277.0	$ 10,363.2	$ 12,037.0	$ 13,896.8	$ 15,271.3	$ 15,832.8
Increase (decrease) in nominal GDP (%)(2)	3.6%	(21.9%)	16.2%	15.5%	9.9%	3.7%
Nominal per capita GDP (in thousands)(1)	$ 34.3	$ 26.5	$ 30.4	$ 34.9	$ 37.8	$ 38.8
Population (in thousands)(1)	387.2	391.3	395.4	398.2	404.0	408.0
Estimated increase (decrease) in real GDP (%)(2)	(0.8%)	(20.1%)	17.6%	10.9%	3.0%	3.4%

(1) Represents data compiled by The Bahamas National Statistical Institute.
(2) Represents Bahamas National Statistical Institute estimates.

Source: Bahamas National Statistical Institute.

For more detailed information on trends in GDP, see "—Gross Domestic Product."

The Bahamian economy is a small open economy and, as a result, reflects fluctuations in trade and investments more readily than a closed economy. The external sector of the Bahamian economy is largely driven by the international services sector, which consists primarily of tourism and financial services. Given that the energy and manufacturing output in The Bahamas is lower than consumption needs, the country usually has a current account deficit because it imports significantly higher volumes of goods and services than it exports. This deficit generally increases when foreign direct investments increase. The current account deficit has, however, been offset by a continuing capital account surplus due to the inflow of capital into the economy, particularly in connection with new investment in tourist facilities.

The Bahamian economy exhibited a notable recovery following Hurricane Dorian in 2019 and the COVID-19 pandemic. After a 20.1% decline between 2019 and 2020, real GDP rebounded sharply and moderated to a 3.4% expansion in 2024. The economy primarily benefited from a combination of foreign direct investments and tourism activity which have strong linkages to construction activity and employment creation. Based on an IMF assessment, the economy is expected to grow by 1.8% in 2025, due to a continued uptick in tourism activity. Historically, foreign direct investment projects have generated new jobs and taxes that have positively affected GDP.

Given the strong performance of the tourism and financial sectors, coupled with a relatively small population, The Bahamas benefits from a favorable GDP per capita, outperforming regional peers. According to 2024 figures from the April 2025 IMF World Economic Outlook report, The Bahamas recorded a GDP per capita of $37,564 international dollars in purchasing power parity terms, making it the second-highest income economy in the Caribbean, behind only Aruba ($48,479), and the sixth highest in the Americas, following the United States ($85,812), Guyana ($83,483), Canada ($63,760), Aruba ($48,479), and Panama ($41,572).

In the fiscal sector, the Government continues to pursue measures designed to enhance revenue and constrain expenditure growth. In January 2015, the Government implemented VAT as part of its fiscal consolidation plan. Since then, the VAT rate increased from 7.5% to 12% on July 1, 2018, and then transitioned to a broad-based taxation system with a VAT rate of 10%, effective January 1, 2022. On January 1, 2023, a Condo-Hotel Tax was implemented at a rate of 75% of the residential property rate. As of January 1, 2024, the Government introduced a $5 tourism environmental tax on cruise passengers, and increased the departure tax rate for cruise passengers. On the same date, the Government implemented a requirement for new International Business Companies (“IBCs”) to pay a business license fee on revenues earned outside The Bahamas as part of The Bahamas’ drive towards eliminating the preferential treatment of foreign entities to meet its commitments to the European Union and Organization for Economic Co-operation and Development (the “OECD”). The Government has also recently introduced a corporate income tax that would be compatible with the OECD’s global minimum tax rules for all in scope entities in The Bahamas—i.e., multinational enterprises with net income in excess of the equivalent of 750 million euros. The Domestic Minimum Top-Up Tax Act, 2024, came into force on January 1, 2024 and all amounts of DMTT in respect of the fiscal year of an MNE group for which a constituent entity is liable must be paid no later than:

(a) if the fiscal year is the “transition year” of the MNE group with respect to The Bahamas, the day that is eighteen months after the last day of that fiscal year; or

(b) in any other case, the day that is fifteen months after the last day of that fiscal year.

The Government is also pursuing ongoing measures to rationalize expenditures and reduce subventions to public corporations. Since 2024, the Government has been conducting financial reviews of the largest public corporations and has required that public corporations’ boards present their strategic plans to Cabinet. The Government is committed to reforming unprofitable public corporations by ensuring that they develop credible plans to become profitable and self-sufficient.

To curtail the risk associated with increased future pension liabilities, the Government has drafted legislation for a contributory pension scheme for civil servants as well as increased the contribution rate to the National Insurance Board (“NIB”) by 1.5%, effective July 1, 2024.

The Government continued to enhance public performance management through legislative initiatives. On July 1, 2023, the Public Financial Management Act 2021, was replaced by the Public Finance Management Act, 2023 (the “PFMA 2023”), which now integrates the provisions of the repealed Fiscal Responsibility Act, 2021, with several amendments to the fiscal targets. The PFMA 2023 continues to promote accountability, transparency, and stability in managing the country’s finances. The PFMA 2023 established an initial set of fiscal targets, which were recently updated as part of the Government’s Fiscal Strategy Report 2025 (“FSR”):

- Reduce the overall balance so that it does not exceed a deficit of 0.5% of GDP from fiscal year

2024/2025 onwards;

- Increase the gross revenue to GDP ratio to a target of 23.6% by fiscal year 2025/2026;
- Reduce recurrent expenditure to a target of 21.0% of GDP by fiscal year 2025/2026;
- Increase capital expenditure to a target of 3.5% of GDP by fiscal year 2025/2026; and
- Reduce the debt-to-GDP ratio to no more than 50.0% of GDP by fiscal year 2030/2031.

To reinforce transparency and bolster the credibility of the rule-based policy framework, the PFMA 2023 also establishes an independent "watchdog," the Fiscal Responsibility Council (the "Council"), whose key mandate is to assess compliance with the PFMA 2023 and advise on budgetary matters, including the review of the fiscal strategy report, annual budget, mid-year review, pre-election economic and fiscal updates, government accounts, and any fiscal adjustment plan in response to deviations from the PFMA 2023 targets. The Government has recently announced the reappointment of the Fiscal Responsibility Council, an independent body corporate formed in accordance with Section 26 of the PFMA 2023, effective as of October 15, 2024. In addition, the Government is also reconstituting the Public Sector Audit Committee to provide advice on the resources of the Internal Audit Department and the Auditor-General. The fiscal responsibility governance framework enhances transparency through periodic reporting requirements for the production of monthly and quarterly fiscal reports. Additionally, a new investor relations website was created to allow easy access to fiscal and economic data, consolidated on a single website.

Gross Domestic Product

The adverse impacts of both Hurricane Dorian and COVID-19 on economic activity were the primary factors underlying the decline in estimated real GDP of 0.8% in 2019 and a further contraction of 20.1% in 2020. As tourism levels recovered, economic recovery persisted in 2021 and 2022 where real GDP expanded by 17.6% and 10.9%, respectively. In 2023, real GDP started to return to its long-run output potential, growing 3.0%, and further increasing to 3.4% in 2024, which was largely driven by sustained growth in tourism activity.

Based on the 2024 IMF-Article IV report, The Bahamas is expected to experience growth in 2025, with real GDP expanding by an estimated 1.8%. The Bahamas has maintained relatively stable prices, with an inflation rate averaging 2.1% during 2017, 2018, and 2019, and with an increase in prices in 2019 reflecting the increase in the VAT rate to 12% in July 2018 (before its decrease to 10% in 2022). Due to the rise in global energy and food prices along with supply chain constraints, inflation peaked at 5.6% in 2022, after growing from 2.9% in 2021 and 0.04% in 2020. After peaking in 2022, inflation has since moderated to 3.1% in 2023 and 0.4% in 2024.

The following table sets forth nominal GDP and expenditures (and as a percentage of nominal GDP) of The Bahamas for the years ended December 31, 2019 through December 31, 2024.

	Years Ended December 31,											
	2019(p)		2020(p)		2021(p)		2022(p)		2023(p)		2024(p)	
	(in millions of $, except percentages)											
Nominal GDP[(1)]	13,277	100%	10,363	100%	12,037	100%	13,897	100%	15,271	100%	15,833	100%
Add: Imports of goods and services	4,488	34%	3,124	30%	4,569	38%	5,395	39%	5,916	39%	6,564	41%
Total supply of goods and services	17,765	134%	13,487	130%	16,606	138%	19,292	139%	21,187	139%	22,397	141%
Less: Exports of goods and services	4,644	35%	2,412	23%	3,367	28%	5,164	37%	5,774	38%	5,982	38%
Total goods and services available for domestic expenditure	13,121	99%	11,076	107%	13,240	110%	14,128	102%	15,413	101%	16,415	104%

(1) Represents data compiled by The Bahamas National Statistical Institute.
Source: Bahamas National Accounts 2023.

Principal Sectors of the Economy

The following table sets forth the Government's estimates of the contributions of the principal sectors of the Bahamian economy as a percentage of total nominal GDP of The Bahamas for the years ended December 31, 2019 through December 31, 2024.

	Years Ended December 31,					
	2019	2020	2021	2022	2023	2024
Agriculture forestry and fisheries	0.5	0.8	0.5	0.4	0.5	0.5
Mining and quarrying	0.6	0.8	0.6	0.6	0.8	0.6
Manufacturing	2.1	1.9	1.9	1.1	0.9	0.6
Electricity and gas, water supply and sewerage	2.7	2.8	3.1	2.6	3.5	3.0
Construction	7.5	6.6	6.2	5.2	4.6	5.4
Wholesale and retail trade, motor vehicle repairs	10.8	12.5	11.6	12.0	10.7	11.1
Transport and storage	4.2	2.6	4.4	4.6	4.5	4.5
Accommodation and food services	10.2	2.7	6.2	10.6	13.3	12.4
Information and communication	2.9	3.8	3.4	3.2	2.9	3.3
Financial and insurance activities	8.0	9.8	9.4	8.7	8.2	8.2
Real estate activities	13.5	18.5	16.4	15.7	14.3	13.3
Professional, scientific, and technical services	4.0	4.3	4.2	4.1	3.3	3.3
Administrative and support services	2.7	2.2	2.1	2.3	2.5	2.6
Public administration and defense, social security	6.1	8.1	7.0	6.5	6.2	6.2
Education	2.5	3.1	2.8	2.4	2.3	2.2
Human and health social work	2.3	3.1	2.9	2.5	2.0	2.0
Arts, other services, household employment, extraterritorial organizations	7.3	5.7	6.9	7.6	8.4	8.0

Sources: The Bahamas National Statistical Institute.

The following table sets forth the percentage of employed persons (as a percentage of the total employed labor force) by economic sector as of June 30, 2024.

	As of June 30, 2024
Agriculture, hunting, forestry, and fishing	1.6
Mining, quarrying, electricity, gas, and water	1.8
Manufacturing	3.8
Construction	8.2
Wholesale and retail	11.8
Hotels and restaurants	20.5
Transport, storage, and communication	7.0
Financing, insurance, real estate, and other business services	7.1
Community, social and personal services	36.4
Not stated	1.8

Source: The Bahamas National Statistical Institute.

The Bahamian economy is highly dependent upon the tourism and financial services industries. These two sectors of the economy, which include tourism-driven retail sales, real estate, construction, and manufacturing, together traditionally account for more than half of total GDP and employment. Based on recent Government estimates, tourism has generated approximately 50% of GDP and employed, directly or indirectly, over half of the workforce. The Government estimates that the financial services sector (which consists predominantly of banks, including private banks and trust companies, insurance companies, and investment funds) has historically accounted for an estimated 10%-15% of GDP.

Tourism

Tourism is the major sector in the Bahamian economy, accounting for a significant portion of the country's GDP and employing much of its workforce, directly or indirectly. With its tropical climate, proximity to the United States, accessibility and political stability, The Bahamas attracted approximately 11.2 million total visitors (including stopover visitors, cruise, and day visitors) in 2024 (with 26.8% of annual visitors in the first quarter, 24.3% in the second quarter, 23.6% in the third quarter, and 25.3% in the fourth quarter of 2024).

The Family Islands are some of The Bahamas' most appealing tourist destinations. Approximately 48% of visitors travel to these islands. Their appeal lies in their seclusion and diverse range of accommodations, from upscale boutique hotels to vacation rental homes. Visitors typically spend more on the Family Islands, both because of the higher average daily rate at many of the Family Islands hotels and because most visitors that stay in these islands enjoy fishing, boating, diving, and other such activities. Flights are now readily available to major Family Islands such as Bimini, Abaco, Eleuthera, and Exuma from the mainland United States and Canada. Additionally, San Salvador continues to have flights from Paris, France. However, several other Family Islands still lack international airports capable of accommodating larger international carriers. As a result, these islands rely on private aviation, domestic flights connecting through Nassau, or visitors arriving via boat or yacht.

The performance of the Bahamian tourism sector is, and will continue to be, largely dependent upon economic and other conditions in the United States and other countries that serve as key source markets. In 2024, the number of visitors to The Bahamas increased significantly to approximately 11.2 million from 9.7 million in 2023.

Resorts

Generally, the Government has maintained efforts to improve the competitiveness of the Bahamian tourism sector by promoting new investment in hotels, private ports of call for cruise lines and other facilities, upgrading the tourism infrastructure, and expanding marketing efforts. To develop and promote tourism, the Ministry of Tourism was provided with a total budget of approximately $131.4 million in fiscal year 2024/2025, while the amount estimated for fiscal year 2025/2026 (including the budget estimated for agencies that fall under the Ministry of Tourism) is equal to $123.4 million. These resources are used to facilitate the development of new hotels and attract foreign investment to The Bahamas. The hotel and restaurant sector employed an estimated 43,735 individuals or 21% of the total labor force as of June 2024.

As a result of the Government's efforts, The Bahamas has benefited in recent years from a steady stream of private investment in the tourism sector, including the launch and expansion of the Albany Project, the Resorts World Bimini project, the Baha Mar project, the Margaritaville Beach Resort at the Pointe, Sandals Royal Bahamian Resort Project, Atlantis Paradise Island, British Colonial Hotel, Goldwynn Resort & Residences and Royal Caribbean's Beach Club.

- *Albany Project* – This luxury resort community in the southwestern end of New Providence, owned by British financier Joe Lewis and renowned golfers Tiger Woods and Ernie Els, was opened in 2010. The community features a luxury boutique hotel and a variety of residences that include beach front views, access to a beach club, custom homes on the golf course, equestrian ranchettes and marina apartments. Albany has planned an expansion project for eight beachfront properties and two residential buildings with 24 units per building, expected to cost approximately $300.0 million.

- *Resorts World Bimini* – A 750 acre resort and casino located on Bimini Island, the resort opened in 2013 and is a combined investment of Mr. Gerado Capo, a leading Florida builder and real estate developer, through his company RAV Bahamas Ltd., and the Malaysia-based Genting Group, a leading international resort, gaming, cruise line, agriculture, and energy conglomerate. In June 2016, the resort opened the five-star 305 room hotel and casino property which is being operated under the world-renowned Hilton brand.

- *Baha Mar* – This $4.2 billion mega-resort, which opened in phases starting in April 2017, remains one of the largest tourism developments in the Caribbean. The resort features the Grand Hyatt, the SLS Lux, and the Rosewood hotels, as well as a convention center and the region's largest casino. The $200 million water-themed park completed in 2021 has further enhanced Baha Mar's offerings, solidifying it as a premier resort destination in the region.

- *Margaritaville Beach Resort at the Pointe* – the $250.0 million Margaritaville Beach Resort and condo hotel residences at the Pointe on New Providence. The resort includes a luxury hotel, condominium residences, entertainment facilities, and dining options. The project aimed to boost tourism, provide jobs, and enhance the waterfront landscape in downtown Nassau.

- *Sandals Royal Bahamian Renovation* – In 2022, Sandals Royal Bahamian Resort and Offshore Island underwent a $55 million renovation, reopening with new accommodations and dining options, including private villas with individual pools, butler service, and a range of upscale dining venues such as La Plume, serving French cuisine.

- *Atlantis Paradise Island Renovation* – In 2024, Atlantis Paradise Island completed a significant renovation, including updates to The Royal Towers, the Atlantis Casino, and the introduction of new dining and retail options.

- *British Colonial Hotel Renovation and Reopening* – After a two-year closure and a $50 million renovation, the British Colonial Hotel in downtown Nassau officially reopened in 2023, and created 300 new jobs. The renovation revitalized this landmark and enhanced Nassau's tourism appeal.

- *Goldwynn Resort and Residences* – Goldwynn Resort & Residences has officially opened its doors after a soft opening at the end of last year. The boutique property offers 81 residential-style accommodations with ocean and golf course views and features a signature restaurant (OIA) and spa (Rhizophora). The property is designed with a blend of classic seaside travel and modern luxury. In terms of expansion, Goldwynn Resort & Residences is introducing 40 exclusive penthouse suites. These penthouses are designed to elevate beachfront living in Nassau, featuring modern luxury and panoramic ocean views. Amenities include private elevators and 12-foot ceilings and pre-construction pricing for these penthouses starts at $2,600,000.

Additional planned and current construction includes the following:

- *Banyan Tree Bimini Resort* – The initial phase of the Banyan Tree Bimini Resort & Residences is slated to open in 2025. This 50-suite, 54-residence luxury resort and five-star hotel will offer an exclusive beachfront experience on the island of Bimini.

- *Blue Water Cay Marina Resort* – The Legendary Marina Resort at Blue Water Cay in Nassau is progressing toward its grand opening in 2025. Recent developments include dredging and the installation of high-quality docks.

- *Baha Mar Expansion* – In October 2024, Baha Mar announced plans to add a fourth luxury resort to its portfolio, which is set to break ground in 2026 and open in 2029. This expansion will include a 350-room luxury resort, 50 branded residences, new restaurants, retail outlets, and enhanced event space, including a ballroom and meeting areas.

- *Royal Beach Club* – The 17-acre Royal Beach Club on Paradise Island, developed by Royal Caribbean, is being constructed under a public-private partnership, allowing Bahamians to own up to 49% equity. This $110.0 million project is expected to open in 2025.

- *Celebration Key* – Carnival Cruise Lines is developing a private cruise destination in Grand Bahama, known as Celebration Key. With an investment of $600 million, the facility is scheduled to open in the summer of 2025.

- *Governor's Harbour Resort & Marina* – The Governor's Harbour Resort & Marina Ltd. and French Leave Resort & Marina Limited are investing $20.0 million into a development on the island of Eleuthera.

- *Butterfly Beach* – G.E.S Bahamas Limited is leading the development of Butterfly Beach, a boutique condo-hotel and residential resort community in Eleuthera, at an estimated cost of $12.0 million.

- *Coral Sands Hotel Renovation* – CMK Holdings Limited is undertaking a $22.4 million renovation project for the Coral Sands Hotel on Eleuthera.

- *Six Senses Grand Bahama* – The $250 million Six Senses Grand Bahama project, developed by Weller Development Partners in collaboration with Pegasus Capital Advisors, commenced construction in the first half of 2025 and is expected to open in 2026. The development will bring luxury residences, sustainable practices, and job creation to Grand Bahama.

In addition to large scale developments, the Government also promotes smaller eco-friendly developments as a means of encouraging investment by Bahamian investors in the tourism sector and to further expand hotel market opportunities within this sector, particularly in the sparsely populated Family Islands.

In 2018, the Government of The Bahamas acquired the Grand Lucayan Resort in Grand Bahama for $65 million to prevent its closure following significant damage from Hurricane Matthew. The acquisition was intended to support employment and aid in the recovery of the Grand Bahama economy. The Government financed the purchase with an initial payment of $30 million, with the remaining $35 million secured by a mortgage on the properties, repayable over seven years at an interest rate of 4%, supported by a Government guarantee. As of March 2025, the Grand Lucayan Resort remains under Government ownership. The Government continues to explore options for its sale or redevelopment, aiming to revitalize the tourism sector in Grand Bahama.

Sea Travel

The Bahamas is one of the world's busiest cruise destinations, with approximately 2,771 ship calls in 2024, marking a 13.1% increase from 2023. The country is home to eight private cruise destinations, each offering a diverse range of onshore excursions, including watersports, zip lines, exclusive beaches, and kayak tours for disembarking passengers.

The private cruise destinations include:

- *Coco Cay (Berry Islands)* – The Thrill Waterpark, Up, Up and Away helium balloon ride, ziplining, and private cabana relaxation;
- *Great Stirrup Cay (Berry Islands)* – Snorkeling, kayaking, parasailing, ziplining, and an underwater sculpture garden;
- *Ocean Cay (Bimini Islands)* – Beaches, snorkeling, paddleboarding, kayaking, seaside spa treatments, and late-night beach parties;
- *Virgin Beach Club (Bimini Islands)* – Exclusive beach club featuring pools, cabanas, live music, DJ-led pool parties, and water sports;
- *Princess Cay (Eleuthera)* – Beaches, snorkeling, kayaking, nature trails, and a local craft market;
- *Half Moon Cay (Eleuthera)* – Horseback riding along the beach, snorkeling, kayaking, and the Stingray Adventure;
- *Lookout Cay at Lighthouse Point (Eleuthera)* – Junkanoo celebrations, beach activities, snorkeling, and cultural workshops; and
- *Castaway Cay (Abaco)* – Snorkeling, parasailing, biking trails, Disney character meet-and-greets, and family-friendly beach activities.

These private cruise destinations play a crucial role in job creation for Bahamians, enhancing their economic impact. A key change in VAT guidance for the cruise industry was introduced in April 2024, which stated that goods and services provided on private cruise destinations are considered supplied within The Bahamas, making them subject to VAT at the standard rate. As a result, cruise line operators who own or operate private islands and generate taxable annual sales exceeding a specified threshold must register for VAT under the new regulatory framework.

Air Travel

The Bahamas has two international airports (Lynden Pindling International Airport in New Providence and Grand Bahama International Airport in Grand Bahama), together with six Tier I airports on various Family Islands that are served by various international airlines that provide direct flights to and from key destinations in Europe, North and South America and the Caribbean, with connections worldwide. Scheduled domestic flights by the national airline, Bahamasair, link the island chain while also providing scheduled service to Florida, Georgia, Cuba, Turks and Caicos, Jamaica and the Dominican Republic. Charter services are available to all parts of the archipelago. The two largest airports are in Nassau (New Providence) and Freeport (Grand Bahama). The Grand Bahama International Airport sustained significant damage during Hurricane Dorian in 2019. In April 2021, the Bahamian government acquired the airport for a nominal fee of $1 from the previous owners, Hutchison Whampoa and the Grand Bahama Port Authority, as part of efforts to revitalize the island's economy. The Government has since been negotiating with developers for the redevelopment of the airport, which is expected to play a central role in the economic revival of Grand Bahama.

Visitor Information

The following table sets forth selected data relating to visitors to The Bahamas as of and for the years ended December 31, 2019 through December 31, 2024 and for the three months ended March 31, 2025.

	As of and for the Years Ended December 31,						Three months ended March 31, 2025
	2019	2020	2021	2022	2023	2024	
	($ in millions, visitors in thousands)						
Stopover visitors							
Total visitors(1)	1,807	441	892	1,452	1,872	1,867	512
Increase (decrease)	10.7%	(75.6)%	102.3%	62.8%	28.9%	(0.3)%	n.a.
Total expenditures	3,730	888	2,267	3,838	n.a.	n.a.	n.a.
Cruise visitors							
Total visitors	5,433	1,327	1,115	5,390	7,773	9,353	2,759
Increase (decrease)	11.4%	(75.6)%	(16.0)%	383.4%	44.2%	20.3%	n.a.
Total expenditures	392.8	78.3	53.8	380.7	n.a.	n.a.	n.a.
Total visitors(2)	7,249	1,794	2,101	7,001	9,655	11,217	3,278
Increase (decrease)	9.47%	(75.3)%	17.1%	233.2%	37.9%	16.2%	n.a.
Total expenditures(3)	4,125	967	2,322	4,222	4,755	5,537	n.a.
Increase (decrease)	10.7%	(76.5)%	140.0%	81.8%	12.6%	16.5%	n.a.

(1) Represents air (includes day visitors, which are excluded from annual stopover data) and sea arrivals (all arrivals by sea, including cruise).
(2) Includes stopover, cruise, and day visitors.
(3) Represents total expenditures of stopover, cruise, and day visitors.
Sources: Ministry of Tourism and the Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

From 2023 to 2024, The Bahamas experienced a 16.2% increase in total visitors, reaching approximately 11.2 million tourists in 2024. This follows a 37.9% increase from 2022 to 2023, bringing the total number of visitors to around 9.7 million in 2023. The number of stopover visitors marginally decreased by approximately 0.3% between 2023 and 2024 after increasing 28.9% between 2022 and 2023. The number of cruise visitors grew by approximately 20.3% from 2023 to 2024, after a growth of 44.2% between 2022 and 2023.

Tourists spent an estimated $5.5 billion in 2024, an increase of 16.5% from the $4.8 billion spent by tourists in 2023. The 140.0%, 81.8% and 12.6% yearly increases in total visitor expenditure in 2021, 2022 and 2023, respectively, reflect a strong recovery after the COVID-19 pandemic, with significant spending growth for stopover visitors.

The following table sets forth selected data relating to stopover visitors to The Bahamas by country/region of origin as of and for the years ended December 31, 2019 through December 31, 2024.

	As of and for the Years Ended December 31,					
	2019	2020	2021	2022	2023	2024
Stopover Visitors						
United States	81.6%	80.7%	93.6%	89.7%	87.1%	84.1%
Canada	7.4%	10.1%	1.3%	3.0%	4.3%	6.5%
Europe	6.6%	5.4%	2.0%	3.8%	4.4%	5.2%
Rest of the World	4.4%	3.8%	3.0%	3.4%	4.2%	4.2%

Source: Ministry of Tourism.

The distribution of stopover visitors by country/region of origin reflects the dominant share of the United States in the total visitor mix. The share of visitors from the United States was 81.6% in 2019, remained relatively stable at 80.7% in 2020, and then surged to 93.6% in 2021 before declining to 89.7% in 2022, 87.1% in 2023, and 84.1% in 2024. Canada contributed the next largest visitor share, increasing from 7.4% in 2019 to 10.1% in 2020, then dropping significantly to 1.3% in 2021. However, the share rebounded to 3.0% in 2022, 4.3% in 2023, and 6.5% in 2024. Europe's share of total stopover visitors was 6.6% in 2019, declined to 5.4% in 2020, and further decreased to 2.0% in 2021 before gradually recovering to 3.8% in 2022, 4.4% in 2023, and 5.2% in 2024. The "Rest of the World" contributed 4.4% in 2019, 3.8% in 2020, 3.0% in 2021, and 3.4% in 2022, and increased to 4.2% in both 2023 and 2024.

Financial Services

The financial services sector (which consists predominantly of banks, including private banks, and trust companies, insurance companies and investment funds) has historically accounted for an estimated 10%-15% of GDP.

The Bahamas remains a principal jurisdiction of choice for conducting a wide range of financial services, including international banking, asset protection trusts, international business companies, estate planning, and ship registration. The Government continues to position The Bahamas as an attractive jurisdiction for financial services businesses due to its: (i) absence of corporate and personal income taxes, (ii) geographic proximity to the United States, (iii) skilled professional support, (iv) political, social, and economic stability, (v) robust regulatory framework, and (vi) minimal exchange controls for transactions between nonresident parties.

The Government's commitment to strengthening The Bahamas' standing as an established international financial center is underscored by recent legislative reforms, including the implementation of the OECD Pillar Two framework, and the issuance of several guidelines aimed at reinforcing The Bahamas' anti-money laundering regime.

In terms of institutional participation, the level of international banking business in The Bahamas has declined, although the quality of the remaining institutions may have improved since December 2000, with the introduction of licensing requirements that require a physical presence and actual operations in The Bahamas. As of March 31, 2025, there were 188 banks and trust companies licensed in The Bahamas. The banking sector employed an estimated 15,070 individuals or 7% of the total labor force as of June 2024.

Risks to the number of these institutions remaining in The Bahamas include external pressures, such as de-risking of these banks by foreign counterparties. With The Bahamas having been removed from the European Union's 'blacklist' of non-cooperative tax havens, the focus now remains on ensuring compliance with international standards to maintain the country's positive standing and supporting continued growth in the financial sector. In January 2019, The Bahamas undertook a Financial Sector Assessment Program ("FSAP") led by a team from the IMF. The assessment consisted of a series of comprehensive reviews of the key segments of the financial sector, mainly systemic risk oversight, financial stability analysis and stress testing, banking supervision, and crisis management and, to a lesser extent, insurance and securities activities. The FSAP report acknowledged the effective supervisory program that the Central Bank has in place, as well as the many strategic initiatives undertaken over the past few years that have helped to strengthen the overall regulatory and supervisory framework for the banking and trust sector. The Central Bank's robust supervisory program resulted in The Bahamas being rated as either compliant or largely compliant with all 29 of the Basel Core Principles. The report concluded that The Bahamas appears to be resilient to current threats to its financial stability, but action is needed to safeguard against potential weaknesses associated with problem assets, systemic risk monitoring, and crisis management.

The Government of The Bahamas, through the Ministry of Finance, continues to collaborate with the Clearing Banks Association and the Central Bank to promote e-commerce. This initiative aims not to eliminate cash but to reduce reliance on cash and checks, expand financial services to remote areas, and support new business opportunities. A task force has been established to achieve these goals. In support of this initiative, the Central Bank of The Bahamas launched the Sand Dollar, a digital version of the Bahamian dollar, in October 2020. The Sand Dollar is designed to provide a secure and efficient alternative to cash, promoting financial inclusion and enhancing the efficiency of payment systems across the country.

As of 2023, the Central Bank completed core integration of the Sand Dollar with the Automated Clearing House ("ACH"), enabling commercial banks to facilitate top-up transfers from deposit accounts to Sand Dollar wallets. By early 2024, all commercial banks had updated their online banking platforms to support Sand Dollar transactions, allowing consumers to easily transfer funds into their digital wallets. Furthermore, to enhance usability, the Central Bank mandated that Sand Dollar Authorized Financial Institutions ("AFIs") expand their systems to allow for direct transfers from bank accounts to Sand Dollar wallets through unique account numbers.

Construction and Manufacturing

The construction sector accounted for an estimated 5.4% of GDP in 2024 and employed an estimated 17,585 individuals or 8.2% of the total labor force as of June 2024. The following table sets forth construction activity (in number of construction permits, building starts, and building completions) in New Providence and Grand Bahama for the years ended December 31, 2019 through December 31, 2023, and the six-month period ended June 30, 2024.

	Years Ended December 31,					
	2019	**2020**	**2021**	**2022**	**2023**	**Jan - June 2024**
Building Permits:						
Number	1,552	1,278	1,578	1,584	1,519	788
Value (in millions of $)	$706	$687	$706	$989	$916	$541
Building Starts:						
Number	371	503	601	542	491	267
Value (in millions of $)	$103	$155	$314	$340	$212	$170
Building Completions:						
Number	560	596	625	700	743	375
Value (in millions of $)	$213	$200	$307	$435	$392	$245

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.
Note: Includes data for New Providence and Grand Bahama only.

In recent years, The Bahamas' construction sector has continued to grow, driven by both public investments in infrastructure and private developments in resort and residential properties. The $4.2 billion Baha Mar development on New Providence, which saw the completion of its first phase in April 2017, remains a significant focal point. This phase included the Grand Hyatt hotel, a convention center, a golf course, a water themed park, and the SLS Lux and Rosewood hotels. Since then, Baha Mar has expanded further, with plans for a new luxury resort and residences set to break ground in 2026 and open in 2029.

In addition to Baha Mar, several other major developments have contributed to the growth of the sector. The Pointe project in Nassau has completed its first phase, enhancing the area's resort and residential offerings. Resorts World Bimini, which officially opened in June 2016, continues to be an important part of The Bahamas' tourism strategy.

New developments are also underway, including the Royal Beach Club Paradise Island, a 17-acre beachfront property from Royal Caribbean, scheduled to open in 2025. The Banyan Tree Bimini Resort & Residences, set to debut in 2025, will offer exclusive waterfront residences and a five-star hotel. Additionally, the Six Senses Grand Bahama resort is under development and is expected to open in 2026, bringing luxury beachfront villas and world-class amenities to the island. Construction is also positively impacted by increased tourism, and construction of resorts may increase to meet tourist demand. In the coming periods, the Government expects construction sector output to be driven by domestic demand and other foreign direct investment developments, especially on the Family Islands.

The manufacturing and mining sector accounted for an estimated 1.2% of GDP in 2024. The manufacturing industry is comprised of the production of goods for the local market and for export. The manufacturers that produce goods for the local market are primarily small, locally-owned industries, including, among others: (i) mattress and pillow manufacturing, (ii) paper converting, (iii) ice, soft drink, perfume, clothing, and crystal production and (iv) printing and publishing. Those manufacturers producing goods for export are primarily foreign-owned manufacturers, such as, for example, a salt mining facility owned by Morton International, Inc.

Government

The Government continues to play a significant role in the national economy through its contributions to GDP and employment. In 2024, the public administration, defense, and social security sectors cumulatively represented approximately 6.2% of the GDP in the aggregate. As of June 2024, public sector employment stood at 32,770 individuals, accounting for about 15% of the total employed population. The Government maintains involvement in various industries, including communications, transportation, utilities, hospitality, and banking, through its stakes in approximately 23 public corporations and statutory bodies. Efforts to reform these public enterprises are ongoing, aiming to make them self-sustaining and reduce the need for financial subventions. In fiscal year 2022/2023, recurrent and capital subventions accounted for approximately 16.6% of the Government's total expenditure. As of 2024, the Government has continued to focus on prudent fiscal management, revenue enhancement, expenditure control, and state-owned enterprise reform.

Other

In 2016, the Government enacted a compendium of new petroleum industry legislation, repealing and replacing the Petroleum Act, Ch. 219, to modernize petroleum exploration, drilling, production, and related matters in line with international industry standards. This legislative framework allows the Government to explore petroleum resources independently or in partnership with other entities, and it grants the Minister responsible for the petroleum industry the authority to enter into production sharing agreements with exploration and production companies. Under the fiscal regime, the Government is entitled to a significant share of revenue from petroleum production, with royalty payments directed into a sovereign wealth fund. The legislation also places full liability for environmental damage and pollution on the licensee or lessee, imposing substantial fines and penalties for non-compliance. While the Petroleum Act of 2016 remains in effect as the primary regulatory framework, the Government has exercised its discretion in managing offshore drilling licenses, including decisions regarding renewals and compliance with environmental standards.

Currently, Challenger Energy Group (formerly Bahamas Petroleum Company Limited) is the only company that has conducted oil exploration drilling in The Bahamas. In early 2021, the company drilled its first exploratory well, Perseverance #1, but it did not yield commercially viable oil reserves, leading to the well being plugged and abandoned. As of 2024, Challenger Energy sought to renew its offshore drilling licenses in The Bahamas, but this has faced opposition from environmental groups urging the Government to reject the renewal. Discussions between the company and the Government are ongoing, with no final decision publicly announced.

In 2024, the remaining sectors of the Bahamian economy consisted of agriculture and fisheries, non-tourism-related transportation and communication services and other commercial, personal, and social services, which on an aggregate basis accounted for approximately 10.4% of The Bahamas' 2024 GDP.

Economic Policies and Strategy

The Government's overall strategy is to promote the long-term economic development of The Bahamas by pursuing sound macroeconomic and fiscal policies designed to enhance the competitiveness of the Bahamian economy and facilitate private sector investment and consumption. Over the long-term, the key initiatives of the current administration in implementing this strategy include:

- progressing public sector reform to create an efficient and modern public service that enhances the ease of doing business with the Government;

- promoting a more sustainable debt and deficit trajectory through disciplined fiscal management, including expenditure controls, enhanced tax compliance, and improved budgeting processes, greater efficiency in public corporations, pension reform, and adherence to fiscal responsibility legislation. The deficit has been significantly reduced from 11.9% of GDP for fiscal year 2020/2021 to 1.2% of GDP for fiscal year 2023/2024, with projections indicating possible further reductions in fiscal year 2024/2025 (0.4%) and a potential surplus in fiscal year 2025/2026 (0.5%);

- promoting job creation, economic growth, and poverty reduction by investing in renewable energy and energy conservation initiatives, expanding the knowledge-based economy, and upgrading Family Island airports, docks, and marinas. The fiscal year 2025/2026 budget prioritizes energy reform, aiming to replace outdated infrastructure with modern, efficient systems utilizing advanced technologies;

- providing new business incentives to enterprises offering goods and services in key sectors, including renewable energy, culture, exports, agriculture and fisheries, and the manufacturing of authentic Bahamian souvenirs;

- reducing the cost of energy by modernizing electricity generation, transmission and distribution infrastructure, expanding renewable energy initiatives and incorporating liquefied natural gas as a cleaner, more cost-effective fuel source;

- employing public-private partnerships to finance capital projects, leveraging private sector expertise and investment to enhance national infrastructure and key development projects;

- supporting Bahamian investments alongside strategic foreign direct investments to drive economic growth, promote entrepreneurship, and ensure inclusive development across all islands; and

- increasing investments in education by strengthening digital learning infrastructure, expanding technical and vocational training programs, and implementing administrative policy reforms to improve service delivery.

The Government believes that the economic stability created by sound macroeconomic and fiscal policies will lead to increased investments in The Bahamas, generating employment opportunities and additional revenue sources. In line with its commitment to these policies, the Government remains focused on improving its sovereign credit ratings from both Moody’s and S&P. While these ratings were downgraded beginning in April 2020 due to the macroeconomic shocks caused by Hurricane Dorian and the COVID-19 pandemic, the Government continues to pursue fiscal consolidation and economic reforms. As such, it is dedicated to reducing the growth rate of its debt as economic conditions improve, with a target of lowering the Commonwealth’s debt-to-GDP ratio to 50% by fiscal year 2030/2031, as outlined in the Fiscal Strategy Report, 2024.

Despite these efforts, the country's sovereign credit ratings have not yet seen upgrades. As of September 25, 2024, S&P affirmed its ‘B+’ long-term foreign and local currency sovereign credit ratings for The Bahamas, with a stable outlook. Similarly, on October 24, 2024, Moody's affirmed a ‘B1’ rating with a positive outlook. On April 9, 2025, Fitch assigned The Bahamas a long-term foreign currency credit rating of ‘BB-.’

The Government has a longstanding policy of using tax and other incentives to stimulate economic growth and remains committed to this strategy. Over the medium term, it aims to ensure that incentives for large-scale investments are distributed equitably. To achieve this, the Government is undertaking a review of its incentive legislation to refine and enhance its framework. This review will enable the introduction of incentives that are better aligned with the needs of both citizens and investors, ensuring balanced and sustainable economic benefits.

Employment and Labor

The following table sets forth the annual average rate of unemployment in The Bahamas from July 1, 2018 through June 30, 2024.

	From the Years Ended December 31,					For the 6 Months Ended June 30
	2019	**2020**	**2021**	**2022**	**2023**	**2024**
Average unemployment rate[(1)]	10.1%	25.9%	17.4%	10.7%	10.2%	8.70%

Sources: The Bahamas National Statistical Institute and IMF World Economic Outlook April 2025.

(1) The IMF World Economic Outlook April 2025 data is used for years 2019-2023 because the Bahamas National Statistical Institute did not conduct Labour Force Surveys covering the entire territory during those years.

The Government expects that the unemployment rate will continue to improve. As of May 2024, the unemployment rate was 8.7% and remained stable as of June 2024. The mean household income in The Bahamas as of May 2019 was $47,212.

Inflation

The inflation rate in The Bahamas tends to track movements in the United States, reflecting the openness of the Bahamian economy, the significant level of trade with the United States, and the fixed parity of the Bahamian Dollar with the U.S. dollar. In recent years, The Bahamas has experienced fluctuations in inflation, influenced by global economic conditions. During 2023, the annual inflation rate declined to 3.1% from 5.6% in 2022, following a similar easing trend in the U.S. This moderation was primarily driven by the reduction in global oil prices, which favorably impacted transportation costs and the average prices for most goods and services. This trend has continued into 2024, with inflation showing further signs of stabilization to 0.4%. The IMF estimates inflation will be 0.9% in 2025.

Litigation

The Commonwealth is not involved in any material litigation or arbitration proceedings.

MONETARY AND FINANCIAL SYSTEM

Central Bank

The Central Bank was established under the Central Bank of The Bahamas Act in 1974, which was superseded in 2000 by an Act with the same name. The Central Bank operates as an independent entity, and its main function is to promote and maintain monetary stability and credit and balance of payments conditions conducive to the orderly development of the economy, particularly the fixed parity between the Bahamian and U.S. dollars that has existed since 1973. The Central Bank also assumes a key role in overseeing and promoting the soundness and integrity of the banking system.

The Central Bank has at its disposal traditional instruments of monetary policy, including open market operations, discount rate adjustments, variable reserve ratios, selective credit controls, and "moral suasion." Through its various departments, the Central Bank acts as lender of last resort to banks, arranges the issue and redemption of Government securities, provides clearing facilities to banks, administers exchange controls, acts as advisor and banker to the Government and other public corporations, manages the country's external reserves, and governs the licensing and supervision of banks in The Bahamas.

Financial Sector

General

As of March 31, 2025, The Bahamas' financial system comprised 188 banks and trust companies licensed to operate within, or from within, The Bahamas. Of the total, 72 held a public license and were permitted to provide banking and/or trust services to members of the public, while 116 were restricted, non-active, or nominee licensees. The sector also included 181 private trust companies, five non-bank money transmission service providers, and eight credit unions.

Banking activities continued to dominate the financial services sector in The Bahamas. At the end of March 2025, the number of banks and trust companies permitted to conduct operations in the domestic market stood at 19 including 10 commercial banks authorized to deal in gold and all foreign currencies, and nine institutions for which domestic activities were limited. As of March 31, 2025, the total domestic assets of Bahamian domestic bank licensees stood at approximately $12.397 billion, while the international business of the domestic licensees totaled approximately $8.513 billion.

Financial services contributed approximately 15% of the country's GDP as of 2023. As a result, the Government has enacted legislative and regulatory initiatives aimed at enhancing the financial services sector and strengthening the regulatory environment. A compendium of statutes which came into effect in 2000, as well as other legislation which have come into force in more recent years, provide for more comprehensive and enhanced supervision and increased money laundering deterrence—all within the context of a framework that allows for greater international cooperation in the oversight of the financial system.

Given the size of the financial sector and the lower financing costs available compared to international funding sources—average rates for Government domestic bonds and loans stood at 4.67% and 4.03%, respectively, as of March 31, 2025—domestic commercial banks have been an important source of government funding. As of December 2024, $2,587.6 million in Central Government debt was held by the private sector, representing 39.1% of domestic debt. World Bank estimates for 2023 indicate that domestic banks' claims on the Government represented 25.7% of their total assets, compared to a regional average of 34.8% for Latin America and the Caribbean.

Credit Quality

Total private sector lending remained relatively subdued since the $5.8 billion reported as of December

2024; higher by 1.7% since the balance of $5.7 billion as of December 2019. Meanwhile, non-performing loans held by banks have trended downward over the last five years, attributed to modest gains in the economy, ongoing debt restructuring activities, loan write-offs, and banks' aggressive stance in pursuing delinquent borrowers. Commercial banks' non-performing loans decreased from a high of 8.0% of the portfolio in 2019 to 5.5% by December 2024. Despite the marginal reduction in banks' total provisions over the three-month period ended December 2024, the ratio of total provisions/total non-performing loans stood at 95.0%. Notably, underscoring that the domestic banks' provisions remained adequate to absorb any expected loan losses.

Financial Sector Assessment Program

In January 2019, The Bahamas undertook a FSAP led by a team from the IMF. The assessment was comprised of a series of comprehensive reviews of the key segments of the financial sector, mainly systemic risk oversight, financial stability analysis and stress testing, banking supervision, and crisis management and to a lesser extent, insurance and securities activities. The FSAP report acknowledged the effective supervisory program that the Central Bank has in place, as well as the many strategic initiatives undertaken over the past few years that have helped to strengthen the overall regulatory and supervisory framework for the banking and trust sector. The Central Bank's robust supervisory program resulted in The Bahamas being rated as either compliant or largely compliant with all 29 of the Basel Core Principles. The report concluded that The Bahamas appears to be resilient to current threats to its financial stability, but action is needed to safeguard against potential weaknesses associated with problem assets, systemic risk monitoring, and crisis management.

Following the FSAP, the Central Bank sought to advance work on the development of its recovery and resolution framework for SFIs as part of its response to the actions recommended by the IMF. In September 2020, the Central Bank introduced a suite of legislation to strength the financial sector crisis management framework, particularly for the resolution of banks and brought the Deposit Insurance Corporation ("DIC") more closely in line with international standards. The suite of legislation included the Central Bank of The Bahamas Act, 2020, the Banks and Trust Companies Regulation Act, 2020, the Protection of Depositors (Amendment) Act, 2020 and the Protection of Depositors (Amendment) Bye-laws, 2020. The Central Bank received significant support on the process from an IMF technical assistance mission in October 2021. Following the success of the mission, the Central Bank initiated efforts to operationalize its recovery and resolution framework. Two substantive deliverables arising from the technical mission included the release of the Recovery Planning Guidelines along with the formation of the Resolution And Crisis Management Unit ("RCMU") within the Bank Supervision Department. The RCMU is charged with the responsibility for the development and implementation of resolution plans with respect to supervised financial institutions ("SFIs") in consultation with other domestic regulatory or supervisory authorities.

Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT) Developments

The Bahamas' National Risk Assessment

Under the leadership of the Office of the Attorney General, during the fourth quarter of 2024, The Bahamas completed the second iteration of the National Risk Assessment ("NRA") for the period 2017 – 2022. The NRA identifies national vulnerabilities and threats and evaluates the money laundering and terrorist financing ("ML/TF") risk and related mitigation within financial and designated non-financial businesses and professions sectors. Two key documents were issued in relation to the NRA: (1) the Report on 2022 NRA Summary of Key Findings for the period 2017-2022 and (2) The Bahamas' National Anti-Money Laundering Risk Strategy January 2025 – January 2028, outlining measures to be undertaken over the next three years. Plans are currently underway to refresh the assessment for the period 2023-2024.

The Bahamas' CFATF Mutual Evaluation

Following the fourth round Caribbean Financial Action Task Force's ("CFATF") mutual evaluation of The Bahamas in 2015 and the issuance of the Mutual Evaluation Report in July 2017, The Bahamas was placed on the list of jurisdictions under increased monitoring by the Financial Action Task Force (the "FATF"). Having strengthened its AML, CFT, and counter proliferation ("CFP" and, together with AML and CFT, "AML/CFT/CFP") legislative, regulatory, and supervisory framework, the jurisdiction was removed from increased monitoring in December 2020. In addition, with the issuance of the CFATF's fifth follow-up report in December 2022, The Bahamas was re-rated as compliant or largely compliant with all 40 FATF recommendations.

Preparations are now underway for the FATF's fifth round of mutual evaluations. During 2024, The Bahamas' Identified Risk Framework ("IRF") steering committee has led an updated gap assessment exercise to evaluate the technical compliance and effectiveness of The Bahamas against the FATFs 40 recommendations and 11 immediate outcomes, respectively. The findings from this assessment are being addressed through a comprehensive action plan in preparation for the upcoming CFATF mutual evaluation in October 2026.

The Bahamas' CRS AEOI Framework

The Bahamas has continued to work closely with the OECD and other international bodies to adopt uniform standards of transparency and exchange of information between countries, especially countries offering or providing financial services. The Government of The Bahamas has taken a policy decision to implement the Common Reporting Standards ("CRS") by way of the Multilateral Convention on the Mutual Administrative Assistance in Tax Matters on a non-reciprocal basis. The Bahamas' Automatic Exchange of Financial Account Information Act, 2016 ("AEOI Act") enables the automatic exchange of tax information with other jurisdictions. The AEOI Act came into effect on January 1, 2017.

The Bahamas' Ministry of Finance, as the competent authority for the CRS, has delegated Bahamian regulatory agencies as designated supervisory authorities for CRS. With this in mind, The Group of Financial Services Regulators is working to develop and implement a focused CRS supervisory framework to enhance the verification and enforcement of the CRS within the financial industry. An OECD peer review in this area is scheduled for July 2025.

The following table sets forth selected financial soundness indicators for domestic commercial banks and other local financial institutions in The Bahamas as of and for the years ended December 31, 2019 through December 31, 2024 and as of March 31, 2025.

	As of and for the Years Ended December 31,						As of March 31, 2025
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	
Financial system capital adequacy ratio (% of risk-weighted assets)	28.1%	28.4%	26.4%	31.2%	32.7%	n.a.	n.a.
Non-performing loans to total private sector loans	8.0%	8.5%	9.6%	7.7%	6.6%	5.5%	5.5%
Return on average assets (Net income/loss)	2.4	(0.1)	2.2	3.4	3.4	4.2	n.a.
Return on equity	10.7	(0.3)	10.9	17.9	18.0	n.a.	n.a.
Interest margin to gross income	67.4%	70.1%	65.0%	60.1%	61.0%	58.5%	n.a.
Interest margin	544.6	538.8	533.0	516.3	582.0	610.5	n.a.
Interest income (1)	593.2	577.3	573.1	553.2	619.1	648.2	n.a.
Commission and forex income (4)	38.1	41.2	50.5	83.6	83.5	107.4	n.a.
Other income (13)	177.1	150.4	196.0	221.7	252.1	287.5	n.a.
Gross income (1+4+13)	808.5	769.0	819.6	858.4	954.8	1,043.0	n.a.
Non-interest expenses to gross income	50.5%	62.9%	52.7%	51.3%	51.9%	52.1%	n.a.
Operating costs (9)	396.4	466.2	411.3	420.6	472.6	517.8	n.a.
Depreciation costs (11)	11.9	17.2	20.8	19.8	23.0	25.4	n.a.
Non-Interest expenses (9 +11)	408.2	483.4	432.1	440.4	495.6	543.2	n.a.

Interest income (1)	593.2	577.3	573.1	553.2	619.1	648.2	n.a.
Commission and forex income (4)	38.1	41.2	50.5	83.6	83.5	107.4	n.a.
Other income (13)	177.1	150.4	196.0	221.7	252.1	287.5	n.a.
Gross income (1+4+13)	808.5	769.0	819.6	858.4	954.8	1,043.0	n.a.
Liquid assets to total assets	30.1%	32.4%	33.8%	37.0%	37.4%	37.6%	n.a.
Liquid assets to deposits	41.6%	45.7%	46.7%	48.7%	49.2%	49.7%	n.a.
Foreign currency deposits, percent of total deposits	7.6%	4.6%	5.6%	6.2%	6.0%	5.4%	
Foreign currency deposits	587.9	358.5	447.7	542.3	531.0	496.5	529.1
Total deposits (000)	7,727.5	7,731.5	7,976.8	8,716.8	8,911.6	9,181.1	9,502.5
Deposits maturing within 3 months, percent of total deposits	7.0%	8.5%	6.4%	5.5%	5.0%	4.5%	3.8%
3 months deposits	544.2	659.3	507.8	476.1	446.3	415.8	363.5
Total deposits	7,727.5	7,731.5	7,976.8	8,716.8	8,911.6	9,181.1	9,502.5
Total provisions to total private sector loans	7.5%	10.3%	9.4%	6.9%	6.1%	5.2%	4.7%
Provisions	425.9	575.2	512.6	371.8	330.0	301.8	275.8
Total loans	5,670.5	5,592.7	5,475.5	5,370.2	5,444.3	5,764.6	5,840.1
Total provisions to non-performing loans	93.8%	121.2%	97.1%	89.6%	91.3%	95.0%	85.5%
Provisions	425.9	575.2	512.6	371.8	330.0	301.8	275.8
NPLs	454.0	474.6	527.9	414.9	361.5	317.7	322.4
Memo Items (in millions of $)							
Total domestic assets	10,685.6	10,894.5	11,010.7	11,473.2	11,724.6	12,141.1	12,396.6
Total domestic liabilities	10,718.2	10,654.3	10,915.4	11,354.1	11,567.7	11,910.9	12,213.5
Total equity	2,394.7	2,438.5	2,342.1	2,218.7	2,241.3	2,193.6	2,195.2
Liquid assets	3,214.5	3,531.6	3,722.9	4,244.3	4,388.2	4,559.5	4,788.2
Interest margin	544.6	538.8	533.0	516.3	582.0	610.5	n.a.
Commission & forex income	38.1	41.2	50.5	83.6	83.5	107.4	n.a.
Total deposits	7,727.5	7,731.5	7,976.8	8,716.8	8,911.6	9,181.1	9,502.5
Fixed deposits up to 3 months	544.2	659.3	507.8	476.1	446.3	415.8	363.5
Domestic currency deposits	7,138.2	7,370.8	7,519.0	8,169.2	8,375.7	8,674.1	8,956.9

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

The following table sets forth consolidated assets of domestic commercial banks and other local financial institutions in The Bahamas as of March 31, 2025.

	As of March 31, 2025					
	Cash	**Balance with Central Bank**	**Securities**	**Loans & Advances**	**Other Assets**	**Total**
Total amount (in thousands of $)	134,383	2,182,355	2,780,651	6,831,570	467,593	12,396,552
% Share	1.1%	17.6%	22.4%	55.1%	3.8%	100%

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

Monetary Policy

The Central Bank conducts the monetary policy of The Bahamas. The Central Bank's monetary policy objective is to maintain stable credit and other conditions to support the fixed parity between the Bahamian and U.S. dollars, while simultaneously allowing economic development objectives to be pursued. The stability objective includes maintaining the external value of the currency, while the development objective requires promoting and supporting a high level of domestic production, employment, and growth. The Government's move towards a more flexible and market-oriented framework for liquidity and credit management was advanced with the recent listing of all domestic government bonds on The Bahamas International Securities Exchange on July 8, 2020, marking the official launch of electronic trading. The Government expects this move to deepen domestic credit markets.

As of December 2024, the Central Bank's 4.0% discount rate has been consistent since December 2016, in an effort to position domestic businesses to benefit from growth opportunities in the near-term and to give support to housing investments. The Central Bank will continue to monitor economic developments and will make needed adjustments in its monetary stance to ensure the development of the financial sector, along with sustaining economic growth.

The following table sets forth the monetary and credit aggregates as of the years ended December 31, 2019 through December 31, 2024 and as of March 31, 2025.

	As of the Years Ended December 31,						**As of March 31, 2025**
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	
	(in millions of $)						
Currency in active circulation	337	373	386	423	431	467	484
Demand deposits	2,912	3,099	3,330	3,874	3,888	4,160	4,339
Money supply (M1)	3,248	3,472	3,716	4,297	4,319	4,626	4,823
Savings deposits	1,637	1,788	1,885	2,089	2,262	2,445	2,512
Fixed deposits	2,420	2,245	2,172	2,074	2,023	1,918	1,859
Money supply (M2)(1)	7,305	7,506	7,773	8,460	8,603	8,989	9,194
Foreign currency deposits	588	358	448	542	531	496	529
Money supply (M3)(2)	7,893	7,864	8,220	9,002	9,134	9,486	9,723
Private sector credit	5,892	5,766	5,681	5,756	5,859	6,251	6,298
Net credit to Government	2,621	2,524	2,933	3,210	3,423	3,489	3,426
Credit to rest of public sector	445	324	315	347	326	364	394
Total domestic credit	8,957	8,614	8,929	9,313	9,609	10,104	10,118
Other net external liabilities(3)	33	(240)	(95)	(119)	(157)	(230)	(183)
Official foreign reserves	1,758	2,382	2,433	2,611	2,517	2,633	2,815
Bank liquidity.	961	1,354	1,388	1,928	1,833	1,792	1,757

(1) Represents the sum of M1, savings deposits and fixed deposits.
(2) Represents the sum of M2 and foreign currency deposits.
(3) Represents the domestic banks' net external position. Liabilities comprise the deposits of nonresidents, foreign share capital and the net balances due to head offices and to other banks abroad by domestic banks. Assets cover the net balances held by domestic banks with their head offices and other banks abroad, holdings of foreign notes and coins, foreign securities, commercial bills and loans and advances made to nonresidents.

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

The overall money supply grew by 3.9% in 2024 as compared to growth rates of approximately 1.5% in 2023 and 9.5% in 2022, respectively, largely attributed to the robust tourism performance led by the 19.7% rise in the dominant sea segment, which offset the 0.2% falloff in the more lucrative stopover visitor segment of the tourist mix. In 2024, the approximated 7.0% growth in demand deposit and the 8.1% in savings deposits contrasted with the 5.2% decline in fixed deposits.

Personal loans accounted for approximately 72.1% of overall domestic bank credit as of December 31, 2024. Other sectors of the economy maintained relatively constant percentage shares of overall bank credit, with the Government representing 7.9%, distribution 4.8%, construction 5.2%, and other 1.2%.

Foreign currency loans of domestic banks increased from approximately $358.0 million as of December 31, 2020 to approximately $496.0 million as of December 31, 2024, equating to a 38.5% growth over the period. The operations of Bahamian domestic banks include a significant international component, with foreign assets totaling approximately $7.0 billion as of December 31, 2024.

The following table sets forth the deposit liabilities of domestic banks as of the years ended December 31, 2019 through December 31, 2024 and as of March 31, 2025.

	As of the Years Ended December 31,						As of March 31,
	2019	2020	2021	2022	2023	2024	2025
Demand deposits	3,492.8	3,489.1	3,800.6	4,423.6	4,471.6	4,661.1	4,967.4
Savings deposits	1,667.4	1,822.3	1,924.3	2,126.2	2,294.9	2,479.5	2,548.9
Fixed deposits	2,567.3	2,420.1	2,251.9	2,167.0	2,145.2	2,040.5	1,986.2
Total	7,727.5	7,731.5	7,976.8	8,716.8	8,911.6	9,181.1	9,502.5

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

Total deposit liabilities of domestic banks increased from $7.7 billion in December 2020 to $9.2 billion in 2024, an increase of 18.7%. Demand deposits, which averaged 48.3% of the total deposits over the five year period, rose steadily to a high of $4.7 billion at the end of December 2024. Fixed deposits, which accounted for the lowest proportion of total deposits, at an average of 27.3% over the period, was $2.0 billion at the end of December 2024. Savings deposits at the end of December 2024 were $2.5 billion, representing an average of 24.4% of total deposits.

Bank Regulation and Supervision

General

The Central Bank regulates and supervises the banking, trust, credit union, money transmission business, and payment service providers sectors of The Bahamas and is responsible for ensuring the safety and soundness of its SFIs and the stability of the financial system. Its supervisory and regulatory framework is aimed at ensuring that SFIs maintain appropriate corporate governance, adequate risk controls, and compliance with applicable laws and regulations. Its prudential oversight includes reviews of liquidity, solvency and capital adequacy. Through the development and issuance of policy guidelines and regulations, the Central Bank has aligned its practices with the Core Principles for Effective Bank Supervision as prescribed by the Basel Committee on Banking Supervision.

The supervisory and regulatory functions of the Central Bank include the authorization and approval of individuals and institutions, off-site monitoring, on-site examinations and policy development. It is strongly focused on licensing approvals, which involve, among other things, the consideration of whether an applicant is a "fit and proper person," a review of the capitalization of a company to determine if minimum capitalization requirements are met and a review of the internal controls of a company to monitor and detect risk. Once a license is issued, the risk-based supervisory framework ("RBSF") of the Central Bank then involves monitoring and controlling the activities of the banks in accordance with established rules and regulations, and determining viability from the perspective of liquidity, solvency and risk exposure based upon the size, nature, and capacity of the SFI. To date, the RBSF is well entrenched in defining off-site and on-site supervision work programs, by focusing supervisory resources on risks that pose a greater threat to financial soundness and stability. International (non-domestic) banks are exempt from certain measures that the Central Bank imposes on domestic banks relating to reserve requirements, restrictions on the holdings of foreign assets, foreign exchange transactions and other credit measures. The Central Bank employs various tools in exercising supervisory oversight of SFIs, which include off-site supervision (such as risk assessments, financial analyses, discovery review and other meetings) as well as on-site examinations. These tools have been carefully tailored to promote high banking standards and the stability and soundness of the banking system, while providing sufficient flexibility to facilitate growth in business.

To ensure a robust financial services sector, the Central Bank continues to enhance its legislative framework in order to adopt international best standards and facilitate innovative advancements by sector stakeholders.

- **The Bahamas Capital Regulations, 2022 (the "Regulations") and amended Guidelines for the Management of Capital and the Calculation of Capital Adequacy, August 24, 2022 (the "Guidelines"):**

The Regulations were gazetted and took effect July 15, 2022. The Regulations and Guidelines simplify the Bahamian Basel III framework while remaining consistent with the proportionality principles set out by the Basel Committee. The Regulations also create an optimal capital regime for the Bahamian banking system; reduce regulatory compliance costs, balance safety, efficiency and competitiveness while also promoting financial stability. The framework took a more proportionate measure based on the size and complexity of SFIs. Some key features of the Regulations and Guidelines are (i) the leverage ratio requirement that supplement SFIs' risk-based capital adequacy requirements; (ii) implementation of capital buffers, which are fixed across the economic cycle, rather than countercyclical in nature; (iii) revised approach to Internal Capital Adequacy Assessment Process ("ICAAPs"); (iv) implementation of a new calculation for converting SFIs' risks to risk-weighted assets; and (v) simplified capital definitions. Other implementation focuses within the Basel framework addressed amendments to other guidelines impacted by the new Capital Regulations, which included the Liquidity and Large Exposures Regulations and Guidelines, Market Risk and Operational Risk.

- **Central Bank of The Bahamas Amendment Act, 2023** came into force on April 28, 2023 and provides a framework for the Ministry of Finance, on behalf of the Government, to access, utilize or convert special drawing rights ("SDR") allocated by the IMF and apply the proceeds of such conversion to manage and reduce the Government's foreign currency debt obligations. The Central Bank of The Bahamas Amendment Act, 2023 provides that the Government's use of the SDRs must be on terms and conditions agreed between the Minister and the Central Bank and must also be consistent with any permitted use of SDRs set out in guidance notes or policies published by the IMF. The Central Bank of The Bahamas Amendment Act, 2023 also reduced the total amount of Central Bank loans to the Government, which may be outstanding at any one time, from 30% to 15½% of the average ordinary revenue of the Government or the estimated ordinary revenue of the Government, whichever is less. The Central Bank of The Bahamas Amendment Act, 2023 prohibits purchases and subscriptions of securities or treasury bills by the Central Bank from primary markets while preserving the Central Bank's ability to operate in the secondary markets in order to implement monetary policy, maintain financial system stability or to support the working of the clearing and settlement systems.

- **The Central Bank of The Bahamas Act, 2020** came into force on September 1, 2020. The Central Bank of The Bahamas Act, 2020 consolidates and modernizes the law governing the Central Bank and provides for the continuance of the Central Bank, its functions, powers and duties. The existing provisions are strengthened and clarified relative to the objectives and functions of the Central Bank, and they provide greater operational flexibility to the Central Bank in conducting its investment activities. The Central Bank of The Bahamas Act, 2020 also provides for the Central Bank to issue electronic money.

- **The Banks and Trust Companies Regulation Act, 2020** came into force on September 1, 2020. The Banks and Trust Companies Regulation Act, 2020 consolidates and modernizes the law regulating bank and trust companies and provides for a special resolution framework for banks. The Banks and Trust Companies Regulation Act, 2020 includes new powers to appoint a statutory administrator and liquidator without obtaining a court order.

- **The Protection of Depositors Act, 2020** came into force on September 1, 2020. The Protection of Depositors Act, 2020 enhances the corporate governance framework of the DIC and depositor protection. The legislation reduces the time within which a corporation must make pay outs to depositors following the failure of a member institution; and include co-operative credit unions in the membership of the Deposit Insurance Fund.

The Central Bank's regulatory agenda continues to involve multi-layered work streams that advance the adoption of the Basel capital rules and operationalizing aspects of the recovery and resolution framework emanating from the reforms set out in the new Banks and Trust Companies Regulation Act 2020. The Central Bank also undertook to progress its policy position on the prudential treatment of digital assets, adopting the earlier stance of the Basel Committee, of "same risk, same activity, same treatment", with more conservative measures for unbacked crypto assets and algorithmic stable coins. This resulted in the release of Digital Assets Guidelines which took effect in December 2023, which provided SFIs with the Central Bank's expectation on the prudential treatment of digital assets and the requirement to deploy sound risk management policies and procedures in this area.

Onsite examinations remain a key supervisory tool for assessing financial institutions' compliance with The Bahamas' legislative and regulatory framework. From 2022 to 2024, the Central Bank conducted 43 examinations, averaging 14 per year across financial institutions, including commercial banks, international banks and trust companies, credit unions, money transmission businesses, and electronic money service providers. Additionally, during this period the Central Bank assisted home regulators in conducting five examinations of Bahamian subsidiaries, focusing on AML/CFT in four instances and one credit risk review. While AML/CFT and ML/TF risks have been the primary focus, examinations have also covered corporate governance, operational risk, and credit risk. Five discovery review meetings were also held with international firms.

The Central Bank continues its engagement with home consolidated regulators of SFIs via annual regulatory letters, meetings and supervisory colleges. Additionally, the Central Bank is a member of the Caribbean Group of Banking Supervisors, the Offshore Group of Banking Supervisors, and the Association of Banking Supervisors of the Americas (a regional group of banking supervisors covering North America, Latin America and the Caribbean). Locally, the Central Bank is a part of the Group of Financial Service Regulators, which includes the Insurance Commission of The Bahamas, the Securities Commission of The Bahamas, and the Compliance Commission. The Central Bank also chairs The Bahamas Financial Stability Council whose members also include the Ministry of Finance, Insurance Commission of The Bahamas, Securities Commission of The Bahamas, and the DIC. The objective of The Bahamas Financial Stability Council is to serve as a collaborative platform for key regulatory initiatives that enable a comprehensive approach to emerging risk and vulnerabilities that could impact The Bahamas financial system.

Exchange Rates and Exchange Controls

The unit of currency in The Bahamas is the Bahamian dollar. The Government has maintained a fixed parity of the Bahamian dollar with the U.S. dollar since February 1973. The U.S. dollar circulates freely with the Bahamian dollar. The official buying and selling rates for the U.S. dollar are $1.00 and $1.0025, respectively, per U.S.$1.00.

The Central Bank administers exchange controls under the provisions of the Exchange Control Regulations Act. The Central Bank, however, delegates to authorized dealers the authority to approve allocations of foreign exchange for certain payments. As a member of the IMF, The Bahamas has agreed not to impose restrictions on current account transactions, although exchange controls are used to monitor developments in this area.

The Government has pursued a policy of gradual liberalization of exchange controls, instituting several rounds in 1995, 2002, 2007, 2010, 2016, 2017, 2018, 2019 and most recently in 2024 designed to progressively liberalize the system. Over the years, the Central Bank, has gradually increased the delegated authority of commercial banks (authorized dealers) to approve payments for various categories of current account transactions; gradually increased the access of Bahamians to both inward and outward facing investment transactions; and liberalized the ease with which non-residents (particularly, foreign investors) transact with the domestic economy. Liberalization measures continue to be paced against outcomes that are sustainable and manageable, given the overriding importance of maintaining adequate foreign reserves to safeguard the Bahamian dollar fixed exchange rate. The measures implemented in 2024 are expected to result in improved efficiencies for both residents and temporary residents (work permit holders). For residents, the measures further reduce the requirement for prior approvals from the Central Bank for a range of payments, on transactions on both the current account (trade related payments and transfers) and the capital & financial account (investments). For temporary residents, added ease is provided in obtaining certain local currency products and services provided by commercial banks. For non-residents, residential real estate transactions have been further distanced from exchange control vetting.

Recent current account areas covered or expanded upon by exchange control liberalization measures included:

- insurance premium payments to non-resident beneficiaries;
- pension payments to non-residents;
- royalty payments (franchise related);
- gifts to non-residents, up to $100,000 per transaction;
- support payments other than those under court order;
- travel (group/business), $100,000 per trip (wire transfer);
- rental payments to non-Bahamians and or their companies in respect to local property;
- Bahamian Dollar credit cards for holders of work visas;
- foreign payments for transportation and accommodation booked through Bahamian travel agencies; and
- external Bahamian Dollar account transactions (refunds or reimbursements).

Regarding capital account transactions, all foreign currency transfers require Central Bank approval. The use of official exchange for direct investment abroad is limited in amount and is restricted to investments that are expected to meet certain balance of payments criteria. Investments abroad that do not meet these criteria may be financed by foreign currency borrowings, by purchases of foreign currency at a premium of 5.0% over the official market rate in the Investment Currency Market ("ICM") maintained by the Central Bank, or by use of retained profits of foreign subsidiary companies. In addition, for any capital gains realized on the investment, the investor, under current bid and offer rates, would be entitled to a premium of 2.5% on the original capital invested in the foreign holdings. The use of investment currency is prescribed for transactions involving residents purchasing foreign currency-denominated assets from non-residents and making direct investments outside The Bahamas. Effective June 1, 2024, commercial banks were granted delegated authority to convert Bahamian dollars for investment abroad via the ICM up to $100,000 per individual per annum.

In financing overseas investments by borrowing, residents other than authorized banks must obtain the permission of the Central Bank to borrow foreign currency from non-residents, while authorized dealers are subject to exchange control guidelines with respect to their lending in foreign currency to residents. Residents must obtain the specific approval of the Central Bank to acquire property outside The Bahamas, and purchases over $500,000 are normally expected to be made with foreign currency purchased in the ICM.

In-bound investments by non-residents are restricted in certain businesses, such as wholesale and retail operations, restaurants, nightclubs and domestic newspapers and magazine publications and requires the prior written approval of the National Economic Council through its administrative arm, the Bahamas Investment Authority ("BIA"). The consent of the Central Bank is required for the issue or transfer of shares in a Bahamian company to a non-resident and for the transfer of control of a Bahamian company to a non-resident.

Special procedures apply to investments in real property. As specified under the International Persons Landholding Act, 1993, a non-Bahamian (other than a permanent resident or a non-Bahamian acquiring land or an interest in land by inheritance), who purchases or acquires an interest in real property to be used as an owner-occupied property or for the construction of premises to be used as an owner-occupied property, must, after completion of the purchase or acquisition, apply to register such acquisitions with the BIA. Upon receipt of the application, the purchase or acquisition is registered, and a certificate of registration is issued evidencing the registration. A non-Bahamian (other than a permanent resident of The Bahamas or a non-Bahamian acquiring land or an interest in land by inheritance) who (i) notwithstanding the above, intends to purchase or acquire an interest in real property which is two or more contiguous acres in size, or (ii) intends to purchase or acquire an interest in real property which is not to be used as an owner-occupied property or for the construction of premises to be used as an owner-occupied property, must first apply to the BIA for approval. If the application is successful, a permit evidencing the approval is issued to the non-Bahamian.

On April 1, 2024, the Central Bank further expanded the 2019 exchange control liberalization pertaining to, residential property transactions (both purchases and sales) involving non-residents (corporate/investment vehicles ultimately and solely owned by such non-residents or directly by the non-residents) to allow for purchases and sales of small-scale rental property, mixed-use residential rental property and vacant land. The Central Bank has delegated the authority to commercial banks (authorized dealers) to sell foreign currency for repatriation of the proceeds of property sales, on evidence that the ultimate beneficial owners of the sold property are non-residents.

Investments in commercial real estate projects still require exchange control approval, but only at the development stage. Subsequent sales of subdivided residential units or constructed dwellings (whether attached or detached) do not require approval. However, exchange control approval is required if non-residents seek financing secured by Bahamian real estate.

In June 2024, to enhance temporary residents' access to Bahamian dollar mortgages, the Central Bank removed the three-year residency requirement to access these facilities. This was subsequent to the February 2018 relaxation, which increased the maximum amount temporary residents could borrow in Bahamian dollars from $0.4 million to $1.0 million.

EXTERNAL SECTOR OF THE ECONOMY

The Bahamian economy is a small open economy and, as a result, reflects fluctuations in trade and investments much more readily than a closed economy. The external sector of the Bahamian economy is largely driven by the international services sector, which consists primarily of tourism and financial services. The Bahamas customarily has a current account deficit because it imports significant volumes of goods and services to support its tourism industry. The current account deficit has largely been offset by a capital account surplus due to the inflow of private capital into the economy, particularly in connection with tourism-related projects as well as Government borrowings.

Foreign Trade

The following table sets forth the values by category of The Bahamas' imports and exports for the years ended December 31, 2019 through December 31, 2024, the latest period for which trade data is available.

	Years Ended December 31,					
	2019	2020	2021	2022	2023	2024
	(in millions of $)					
Imports:						
Food and live animals	506	389	641	690	761	815
Beverages and tobacco	92	64	108	139	148	154
Crude materials (except fuel)	74	50	80	84	96	115
Mineral fuels, lubricants, etc.	769	387	658	686	625	805
Animal and vegetable oils	9	7	15	16	17	17
Chemicals	230	194	336	361	336	342
Manufactured goods	469	309	480	517	563	703
Machinery and transport equipment	640	495	631	685	875	1169
Miscellaneous and other items	402	242	395	520	605	632
Other commodities and transportation	130	68	139	141	162	191
Total imports	3,321	2,205	3,483	3,840	4,188	4,944
Exports:						
Total domestic exports	203	160	269	180	200	182
Total re-exports(1)	255	121	90	245	364	400
Total exports	458	281	359	425	564	583

(1) Represents goods that are imported into The Bahamas, held in The Bahamas, and then re-exported to various countries.
Sources: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

Geographic Distribution of Trade

The largest trading partner of The Bahamas is the United States, which primarily reflects the proximity of the countries, the fixed parity of the U.S. and Bahamian dollars and the close relationship between the countries. The Bahamas also conducts trade with Canada, the United Kingdom, and other countries comprising the European Union. According to the Government's estimates for 2024, 63.6% of Bahamian exports were to the United States, while 83.0% of all imports into The Bahamas were from the United States Imports from the certain other countries together (among them, the United Kingdom, Canada, Caribbean countries and others) and European Union were 13.9% and 3.0%, respectively. Given its heavy reliance on trade in goods and services with the United States, The Bahamas' economy is, and will continue to be, dependent upon economic and other conditions in the United States.

The following table sets forth the distribution of non-oil imports and exports (including re-exports) by country/region for the years ended December 31, 2019 through December 31, 2024, the latest period for which trade data is available.

	Years Ended December 31,					
	2019	**2020**	**2021**	**2022**	**2023**	**2024**
Imports:						
United States	2,135	1,491	2,406	2,676	3,006	3,437
United Kingdom	41	18	24	23	23	30
Canada	24	51	37	26	31	33
Caribbean Commonwealth	16	65	51	27	32	47
European Union (excluding United Kingdom)	100	56	88	178	101	126
Other countries	235	138	219	223	368	466
Total	2,552	1,819	2,825	3,153	3,562	4,139
Exports:						
United States	395	173	236	303	494	371
United Kingdom	5	3	21	10	13	1
Canada	4	1	0	0	1	0
Caribbean Commonwealth	1	51	0	0	0	1
European Union (excluding United Kingdom)	34	25	31	29	11	29
Other countries	19	23	71	82	44	181
Total	458	276	359	425	564	583

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

Balance of Payments

The balance of payments is used to record the value of the transactions carried out between a country's residents and the rest of the world. The balance of payments is comprised of two accounts: (1) the current account, which comprises net exports of goods and services (the difference in value of exports minus imports), net financial and investment income, and net transfers; and (2) the capital account, which is the difference between financial capital inflows and financial capital outflows.

The following table sets forth the balance of payments as of and for the years ended December 31, 2019 through December 31, 2024.

	As of and for Years Ended December 31,					
	2019	2020	2021	2022	2023	2024
Current Account:						
Merchandise trade (net)						
Exports	695.3	436.4	638.6	814.4	862.2	882.6
Imports.	(3,009.2)	(2,024.0)	(3,264.2)	(3,879.2)	(4,074.8)	(4,640.5)
Total	(2,313.9)	(1,587.6)	(2,625.6)	(3,064.8)	(3,212.6)	(3,757.9)
Services (net)						
Travel	3,790.2	857.0	2,173.1	4,052.2	4,541.2	5,266.4
Transportation	(366.0)	(172.4)	(275.9)	(329.8)	(419.3)	(452.6)
Other	(786.1)	(814.3)	(888.9)	(1,074.8)	(1,171.5)	(1,388.4)
Total	2,638.1	(129.8)	1,008.3	2,647.6	2,950.4	3,425.4
Primary Income (net)						
Compensation of employees	(64.8)	(95.8)	(91.5)	(86.0)	(113.8)	(124.7)
Investment income	(538.3)	(343.7)	(642.7)	(797.2)	(745.4)	(677.8)
Total	(603.1)	(439.5)	(734.2)	(883.2)	(859.2)	(802.5)
Secondary Income (net)						
Government	145.0	46.4	31.5	132.7	189.1	21.3
Other sectors	(147.2)	(169.0)	(113.9)	(64.9)	(136.8)	(161.5)
Total	(2.2)	(122.6)	(82.4)	67.8	52.3	(140.2)
Current account surplus (deficit)	**(281.1)**	**(2,279.5)**	**(2,434.0)**	**(1,232.6)**	**(1,069.1)**	**(1,275.2)**
Current account surplus (deficit) as a percentage of nominal GDP.	(2.1%)	(22.0%)	(20.2%)	(8.9%)	(7.0%)	(8.1%)
Capital account (transfers)	**907.8**	**650.0**	**53.9**	**0.0**	**0.0**	**0.0**
Financial account.	**(187.2)**	**(2,316.3)**	**(1,493.8)**	**(1,401.5)**	**(1,151.9)**	**(1,155.4)**
Direct investment	(369.2)	(374.8)	(298.4)	(316.4)	(97.1)	(81.1)
Portfolio investment	269.9	(656.8)	447.1	(99.8)	330.2	238.6
Other investment	(87.8)	(1,284.8)	(1,642.5)	(985.2)	(1,385.0)	(1,312.9)
Currency and Deposits (net)	(381.7)	(475.2)	(624.0)	(595.3)	(1,136.3)	(1,760.8)
Loans	127.8	(742.4)	(762.8)	(358.7)	(148.5)	298.8
Other Accounts Payable/Receivable	171.8	(60.1)	(16.2)	(50.0)	(98.9)	137.8
Special Drawing Rights Allocation	(5.7)	(7.1)	(239.6)	18.7	(1.4)	11.2
Reserve Assets (net)	561.8	624.1	50.6	178.3	(93.6)	114.7
Net errors and omissions[1]	(252.1)	(62.8)	936.8	9.4	(176.4)	234.5

(1) When all actual balance of payments entries are totaled, the resulting balance will show a net credit or a net debit. That balance is the result of errors and omissions in compilation of statements. Some of the errors and omissions may be related to recommendations for practical approximation to principles. In the balance of payments, the standard practice is to show separately an item for net errors and omissions. Labeled by some compilers as a balancing item or statistical discrepancy, that item is intended as an offset to the overstatement or understatement of the recorded components.

Source: Central Bank of The Bahamas Quarterly Economic Review, December 2024.

As a net importer of goods, The Bahamas' external current account deficit mostly reflects the trends in tourism receipts (for exports) and consumer demand (for imports). During 2024, the current account deficit widened to an estimated deficit of $1,275.2 million, from an estimated deficit of $1,069.1 million in 2023. The increase contributed largely to a rise in the trade goods deficit by $545.3 million (17.0%) to $3,757.9 million, as the $565.7 (13.9%) growth in imports overshadowed the $20.4 million (2.4%) gain in exports. In addition, the secondary income position reversed to an estimated deficit of $140.2 million from a surplus of $52.3 million, largely attributed to a sharp reduction in general Government inflows to $21.3 million from $189.1 million in 2023. Further, other sectors decreased by $24.7 million (18.0%) to $161.5 million. Providing some offset, the services account surplus expanded by an estimated $475.0 million (16.1%) to $3,425.4 million in 2024, underpinned by a $725.2 million (16.0%) growth in net tourism receipts.

The estimated net financial account—denoting investments— normally registers a surplus, as private sector investment net inflows usually offset capital transfers and public sector net outflows. In 2024, the net financial inflows edged up by $3.5 million (0.3%) to $1,155.4 million, reflective of a notable rise in net receipts from currency and deposits (via banking sector exposures) to $1,760.8 million from $1,136.3 million. Further, net portfolio investment outflows decreased by $91.6 million (27.7%) to $238.6 million. Meanwhile, net direct investments inflows contracted by $16.0 million (16.5%) to $81.1 million in 2024.

During 2024, The Bahamas recorded $241.1 million in gross foreign direct investment flows, driven primarily by ongoing developments in the tourism sector.

The following table sets forth the official foreign currency reserves as of the years ended December 31, 2019 through December 31, 2024 and as of March 31, 2025.

	As of and for the Years Ended December 31,						As of March 31, 2025
	2019	2020	2021	2022	2023	2024	
Balances with banks[1]	794	308	324	623	610	396	594
Foreign securities[1]	780	1,868	1,663	1,795	1,720	2,054	2,036
Reserve position at IMF[1]	27	28	27	26	26	25	26
Special drawing rights at IMF[1]	157	179	419	167	161	158	159
Total	1,758	2,382	2,433	2,611	2,517	2,633	2,815
Memo items:							
Total foreign currency reserves in weeks of importing ability[2]	27.7	56.8	36.1	33.9	29.9	28.6	n.a.

(1) Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.
(2) Central Bank of The Bahamas Quarterly Economic Review.

Between 2020 and 2024, external reserves trended upwards, supported by the Government’s external borrowing activities. At the end of March 2025, external reserves totaled $2,815.1 million, representing a $182.1 million increase compared to the stock at the end of December 2024. By the end of December 2024, external reserves had grown by $115.6 million from December 2023 to $2,633.0 million, with the increase largely supported by foreign currency inflows from real sector activities. At the end of December 2024, the external reserves stock represented an estimated 28.6 weeks of importing ability. By comparison, the December 31, 2023 stock of external reserves at $2,517.0 million was reported at an estimated 29.9 weeks.

GOVERNMENT ENTERPRISES

Public Corporations

Traditionally, the Government has played a significant role in the economy through its ownership and management of an estimated 23 public corporations. The public corporations are corporate entities established under special authorizing statutes or are incorporated under ordinary company legislation but are wholly owned or majority-owned by the Government.

In light of the Government's ownership interests in the public corporations, the Government is a guarantor by contract of certain indebtedness of the public corporations, and the incurrence of any debt by the public corporations is subject to Government approval. As of March 31, 2025, the total debt of the public corporations stood at $1,402.2 million, of which $322.6 million was contractually guaranteed by the Government. In fiscal year 2024/2025, the Government's total recurrent and capital subventions to the public corporations approximated $506.9 million and the budget for fiscal year 2025/2026 is approximately $571.5 million.

Certain of the public corporations have incurred substantial and recurring net losses and have significant negative net worth balances. In particular, Bahamasair, Bahamas Civil Aviation Authority, Bahamas Development Bank, and The Hotel Corporation of The Bahamas ("The Hotel Corporation") have had poor financial performance over the past several years. The most recent audit reports for the financial statements for these public corporations contain qualifications expressing doubt about their respective ability to continue as going concerns without the continued support of the Government. The Government anticipates that subsequent audit reports will contain similar qualifications.

None of the public corporations has ever defaulted on the payment of principal or interest under any loan agreement and the Government has never been required, as guarantor, to cure any payment defaults of a public corporation; however, the Government has provided regular financial support to public corporations. For fiscal year 2022/2023, the Government provided an aggregate of $99.1 million in financial support to Bahamasair and the Water Sewerage Corporation to ensure that these public corporations are able to meet their obligations under various loan agreements and to cover other commitments.

For the fiscal year ended June 30, 2022, the consolidated balance sheet of the Bahamian Electric Company ("BEC") and BPL, the subsidiary responsible for the generation and transmission of electricity for consumption on most islands in The Bahamas, showed total assets of approximately $1,039.0 million, total liabilities of approximately $433.1 million, total shareholders' equity of approximately $605.8 million, and a consolidated net comprehensive loss of approximately $34.7 million. Additionally, on May 27, 2022, BEC and BPL entered into an agreement with the Government to support certain loan obligations previously assumed by the Government in 2020 totaling U.S.$246.0 million. Although an overall poor financial performance was recognized in previous years, the most recent audit report assumed that BPL will be able to meet its financial obligations and continue as a going concern. BPL expects positive net cash flow projections in the short-term driven by recovery of fuel costs, successful cost containment efforts, and improving customer collections. In the event of cash flow constraints for the fiscal year ended June 30, 2024, the Government had issued a letter of support, committing to continue providing the required financial support.

The Water and Sewerage Corporation ("WSC") protects water resources, regulates the extraction, use and supply of water, disposes of sewerage and grants and controls water rights. As of December 31, 2018, WSC had total assets of approximately $356.9 million, total liabilities of approximately $228.5 million and total shareholders' equity of approximately $128.5 million. For the year ended December 31, 2018, WSC recorded a net comprehensive loss of approximately $15.3 million.

Bahamasair provides passenger and cargo transportation services in The Bahamas and between The Bahamas and Florida, as well as certain other destinations. As of the fiscal year ended June 30, 2023, Bahamasair had total assets of approximately $135.5 million, total liabilities of approximately $162.2 million and total capital deficiency of approximately $26.7 million (comprising share capital of approximately $9.3 million, capital contributions of approximately $778.3 million and an accumulated deficit of approximately $814.3 million). For the fiscal year ended June 30, 2023, Bahamasair recorded a net comprehensive loss of approximately $24.5 million. The Government has agreed to provide financial support and assistance to Bahamasair to enable it to meet its long-term debt and operational expenses to continue as a going concern.

Certain other public corporations or entities with substantial Government ownership in operation at present in The Bahamas are the Central Bank, The Bahamas Development Bank, The Bahamas Mortgage Corporation, the NIB, The Hotel Corporation, The Bank of The Bahamas Limited, the Education Loan Authority, Lucayan Renewal Holdings Limited, the Airport Authority and the Civil Aviation Authority.

The primary functions of the Central Bank are to promote and maintain monetary stability and credit and balance of payment conditions conducive to the orderly development of the economy and to oversee and promote the soundness and integrity of the banking system. As of December 31, 2023, the Central Bank had total assets of approximately $3,534.4 million, total liabilities of approximately $3,233.2 million and capital and reserves of approximately $301.2 million. For the year ended December 31, 2023, the Central Bank recorded net comprehensive income of approximately $61.9 million.

The NIB administers specific benefit programs, including workman's compensation, retirement, maternity, death, and short and long-term disability pursuant to The Bahamas' national insurance program established in the National Insurance Act and Regulations. As of December 31, 2022, the NIB had total assets of approximately $1.5 billion, total liabilities of approximately $59.4 million and reserves of approximately $1.4 billion. For the year ended December 31, 2022, the NIB recorded a total comprehensive income of approximately $362.4 million.

The Nassau Airport Development Company ("NAD"), which is a subsidiary of the Airport Authority, is responsible for the operation and development of the Lynden Pindling International Airport in Nassau, Bahamas. As of June 30, 2023, NAD had total assets of approximately $414.0 million, total liabilities of approximately $474.7 million and total shareholder's equity of approximately negative $60.7 million. NAD's net comprehensive income for the year ended June 30, 2023, was approximately $26.6 million. This compared with a net comprehensive income of $7.6 million for the year ended June 30, 2022.

Energy Sector Reform

Over the years, The Bahamas has taken significant steps toward energy sector reform, commencing with the publication, in August 2013, of the National Energy Policy. This policy serves as a roadmap to achieve total energy reform by the year 2033 through strategic steps such as fuel diversification, infrastructure modernization, renewable energy source development, conservation, and efficiency. Among the goals of the National Energy Policy is the reduction of dependence on fossil fuels by making renewables at least 30% of the country's electricity production by 2030.

To pave the way for the reform, the Government introduced a new legal framework, the Electricity Act, 2024 and the Utilities Regulation and Competition Authority (Amendment) Act, 2015. The Electricity Act, 2024 makes provisions for the National Energy Policy, including through renewable energy sources, and the modernization and consolidation of the law in relation to electrical installations. Introduction of this Act in May 2024 repeals the Act of 2015, removing the obligation to have a system operator as well as removing reference to the rate reduction bond which did not materialize.

The Government is committed to promoting energy reform through renewables to enhance energy security, reduce costs, and support environmental goals. A key part of this effort is optimizing energy efficiency across the Family Islands, including the installation of micro-grids in the southern Islands. In response to Hurricane Dorian, which highlighted the need for resilient infrastructure, the Government is investing in climate-resilient projects, using funds from a $100 million IDB credit line. Notably, the Government is advancing solar energy projects, such as the successful rooftop solar panel installations at schools and government buildings, and plans for more installations across the country. These efforts aim to reduce carbon emissions and reliance on fossil fuels while increasing climate resilience.

Another element of the legislative changes was the expansion of the Utilities Regulation & Competition Authority's responsibilities to transform it into an independent regulator of the electricity sector. Such additional responsibilities include, among other things, licensing of public electricity suppliers, reviewing and approving electricity tariff rates charged to the consumer, reviewing the need for additional electricity generation by independent power producers, and establishing rules and approving competitive processes where applicable for procurement of power generation resources conducted by BPL, or any other public electricity supplier.

At present, BPL is responsible for the generation, transmission and distribution of electricity in The Bahamas outside of the Hawksbill Creek area (where this responsibility lies with the Grand Bahama Power Company (the "GBPC"), although the GBPC, through an arrangement with the Government, provides electricity for the entire island of Grand Bahama. BPL also does not currently supply electricity in the Spanish Wells area of Eleuthera. As part of its efforts to further reduce reliance on fossil fuels, BPL is exploring the introduction of more efficient and lower-cost fuels, such as liquefied natural gas. In March 2025, the Government signed agreements with both FOCOL and Shell North America for an LNG terminal and a regasification facility along with provision of power supply for LNG in The Bahamas. BPL is also upgrading its T&D network to improve the reliability and efficiency of electricity delivery; particularly as more renewable energy is integrated into the grid. This includes strengthening the grid to accommodate solar energy's intermittent nature and ensuring effective distribution to both urban and remote areas, such as those served by the new solar micro grids in some Family Islands.

GOVERNMENT FINANCE

Budget Process

By virtue of the Constitution of The Bahamas and implementing acts, the Ministry of Finance is the central agency responsible for the preparation of the Government's budget, with the supreme approval authority vested in The Bahamas Parliament. The Constitution requires the Ministry of Finance to prepare, before the end of each fiscal year, annual estimates of revenues and expenditures for public services for the succeeding fiscal year. The budget system ensures that approved expenditures are spent only for approved purposes and are not exceeded. Accordingly, the budget, accounting, and audit systems ensure financial and legal accountability of the executive branch of the Government to the legislature.

The budget consists of recurrent and capital revenues and recurrent and capital expenditures. The most significant recurrent revenues are value added tax, customs duties, business fees, real property taxes and other tourism related taxes. Capital revenues consist of proceeds from the sale of Government assets. Recurrent expenditures comprise day-to-day operating expenditures of the Government and debt service. Capital expenditures consist of expenditures related to infrastructure and physical assets.

The budgetary process for each fiscal year begins in December prior to the fiscal year when a program of activities, including implementation dates, is agreed upon within the Ministry of Finance. In the following January, an assessment of the macro-economic environment for the coming fiscal year is undertaken, based primarily on forecasts for the Bahamian economy, the anticipated effect of U.S. economic conditions on the Bahamian economy and, in particular, the state of the stopover visitor segment of the tourism industry. The assessment is discussed internally within the Ministry of Finance, and estimates are sought from other ministries and departments of the Government. Estimates obtained from other ministries and departments are subsequently examined by the Budget Division of the Ministry of Finance for compliance with policy and accuracy, completeness, and reasonableness. When necessary, budget hearings are held to discuss specific estimates. Final estimates are integrated in a comprehensive budget document for submission to the Cabinet for deliberation. Thereafter, the Cabinet authorizes the Minister of Finance to present the budget to Parliament.

Following the end of each fiscal year, Government accounts are prepared by the Treasury Department and audited by the Audit Department and then, together with the audit report, presented to Parliament. The accounts for each year contain detailed information on the Government's revenues (including grants and capital revenues) and borrowings during the prior year and the Government's expenditures (including debt service and equity and subsidy transfers to the public corporations) for the prior year. Until the audit report is presented to Parliament, the Government accounts are labeled as "provisional."

The Government's fiscal management program continues to focus on strengthening the overall budgetary situation through improvements in tax administration and enforcement capacity, enhancement of revenues and containment of expenditures.

The fiscal year of The Bahamas consists of the twelve months ending June 30 of each year.

Fiscal Year 2024/2025 Budget

The fiscal year 2024/2025 budget forecasts an overall deficit of $69.8 million, compared to the projected $131.1 million budget deficit in fiscal year 2023/2024. Revenue receipts are expected to grow by $224.3 million (6.8%) to $3,543.3 million, compared to the fiscal year 2023/2024 budget as the Government anticipates positive gains from its revenue enhancement strategies. In addition, total expenditure is projected to grow by $163.0 million (4.7%) to $3,613.1 million.

Current expenditure is estimated to increase by $183.1 million (5.9%). Major increases in outlays are for rent by $26.1 million, services by $33.1 million, public debt interest payments by $44.0 million, and recurrent transfers by $26.6 million. However, capital outlays are expected to decrease by $20.1 million (5.5%) to $344.5 million as the Government shifts more to public private partnerships ("PPPs") for capital projects. To cover financing requirements, the Government has planned total new borrowings of $1,803.3 million. Of the $1,733.5 million in estimated debt repayment, $1,031.9 million is in Bahamian dollars and $701.6 million is in foreign currency.

In the fiscal year 2024/2025 budget communication, the Government reiterated commitment to achieving medium-term sustainability in the fiscal deficit and debt, consistent with the requirements of the PFMA 2023, which the Government intends to achieve through its decision to cut discretionary spending and its continued commitment to the reform of public corporations. More medium-term initiatives, such as the use of PPPs for select capital projects, greater cost recovery, digitization of government services, and transformation of the existing defined benefit pension scheme into a contributory regime remain priority objectives on the Government's reform agenda. Revenue optimization measures, which have yielded notable returns, are predicated on the following:

- collection of real property tax on properties under mortgage by working with domestic commercial banks;
- commencement of the power of sale proceedings against delinquent property owners for undeveloped land and high-end commercial and residential properties;
- digitization and implementation of the new portals for first home exemptions, VAT Stamp duty collections, and real property tax declarations;
- the use of domestic audits to ensure proper and timely filings relative to VAT and business license returns;
- the utilization of risk-based approaches and post clearance audits for customs and excise tax collections;
- automation of the "Desk Audit Selection Process" at the Department of Inland Revenue;
- procurement of a new fully automated, fully integrated tax system;
- gradual implementation of VAT e-Invoicing to streamline the VAT billing and remittance procedure;
- requirement for property owners operating short-term vacation rentals to register their properties to promote tax compliance;
- requirement for landowners to show proof of real property tax registration and payments before being granted a building permit; and
- recent establishment of the Large Taxpayers Unit, The Tax Audit Committee, and Revenue Policy Committee.

The following table sets forth the fiscal year 2024/2025 borrowing requirements.

Description	$ (millions)	% of GDP[(1)]
Revenue	3,543.3	23.3%
Recurrent Expenditure	3,268.6	21.5%
Capital Expenditure	344.5	2.3%
Net Financing Needs	**(69.8)**	**(0.5%)**
Debt Repayment	(1,733.5)	(11.4%)
Domestic	(1,259.8)	(8.3%)
Bahamian Dollar	(1,031.9)	(6.8%)
Foreign Currency	(227.9)	(1.5%)
External	(473.7)	(3.1%)
Gross Financing Needs	**(1,803.3)**	**(11.8%)**

Sources: Fiscal Year 2024/2025 Annual Borrowing Plan.

(1) Fiscal year 2024/2025 GDP estimates have been revised since the publication of this Annual Borrowing Plan, resulting in a decrease in the expected Gross Financing Needs-to-GDP ratio.

The following table sets forth the fiscal year 2024/2025 annual borrowing plan.

Description	$ (millions)	% of Total
Gross Financing Needs	**1,803.3**	**100.0%**
External debt	392.8	21.8%
Loans	392.8	21.8%
Banks	360.0	20.0%
IFIs	32.8	1.8%
Domestic Debt	**1,410.5**	**78.2%**
Bahamian Dollar	1,175.0	65.2%
Bonds/T-bills	1,075.0	59.6%
Loans	100.0	5.5%
Foreign Currency Loans	235.5	13.1%

Sources: Fiscal Year 2024/2025 Annual Borrowing Plan.

Preliminary Fiscal Year 2025/2026 Budget

The preliminary fiscal year 2025/2026 budget forecasts an overall surplus of $75.5 million (equivalent to 0.5% of GDP), compared to the projected $69.8 million deficit in fiscal year 2024/2025. Revenue receipts are expected to grow by $352.9 million (10.0%) to $3,896.3 million, compared to the fiscal year 2024/2025 budget as the Government anticipates positive gains from its revenue enhancement strategies. In addition, total expenditure is projected to grow by $207.7 million (5.7%) to $3,820.8 million.

Current expenditure is estimated to increase by $175.9 million (5.4%) to $3,444.5 million compared to the budgeted expenditure for fiscal year 2024/2025. Major increases in outlays are expected for wages and salaries by $39.5 million, use of goods and services by $48.1 million, subsidies by $38.8 million, and pensions by $11.9 million. Moreover, capital outlays are expected to increase by $31.8 million (9.2%) to $376.3 million.

In the fiscal year 2025/2026 budget communication, the Government reiterated its commitment to medium-term objectives, which include reducing both the deficit and debt levels, implementing tax reforms to diversify government revenue and align with international best practices, and advancing the nationwide energy reform. Revenue optimization measures for the coming fiscal year include the following:

- enforcement of the DMTT, which came into effect on January 1, 2024, and is projected to generate a minimum of $130 million (0.7% of GDP) during fiscal year 2025/2026;

- introduction of targeted compliance measures for cruise-related activities, including VAT on all imports to and all services offered in private cruise destinations, as well as increased enforcement of customs duties and immigration work permit fees for all employees;
- establishment of the Maritime Revenue Unit within the Ministry of Finance; and
- establishment of the Asset Disposal Assessment Unit to examine physical government assets and recommend the optimal method for disposal.

Full Year Budgetary Performance

Preliminary data on the outcome for fiscal year 2023/2024 show a higher than projected overall deficit of approximately $194.0 million, representing 1.2% of GDP compared to the budgeted 0.9%. The $62.9 million deviation from the fiscal year 2023/2024 deficit budget target primarily reflected lower than expected revenue inflows from VAT on real estate relative to its budget target, bringing the total category of VAT at 84.6% of its budget target. Revenue receipts in fiscal year 2023/2024 were $3,069.1 million compared with $2,855.4 million for fiscal year 2022/2023, a 7.5% increase. Expenditure was $3,263.1 million for fiscal year 2023/2024 compared with $3,390.0 million for fiscal year 2022/2023, or a decrease of 3.7%.

The following table sets forth the Government's revenue, expenditure, and deficit for the budget for fiscal year 2023/2024, the actual outturn for fiscal year 2023/2024, the budget for fiscal year 2024/2025, and the percent change in the budget for fiscal year 2024/2025 compared to the budget for fiscal year 2023/2024.

	Fiscal Year 2023/2024		Fiscal Year 2024/2025	Budget 23/24 vs. Budget 24/25
	Budget	Actual	Budget	% Change
	(in millions of $)			
Government revenue	3,319.0	3,069.1	3,543.3	6.8%
Government expenditure	3,450.1	3,263.1	3,613.1	4.7%
Recurrent	3,085.5	2,961.4	3,268.6	5.9%
Capital	364.6	301.6	344.5	(5.5%)
Deficit	(131.1)	(194.0)	(69.8)	(46.8%)
Deficit/GDP	(0.9%)	(1.2%)	(0.4%)	(46.1%)
Nominal GDP	14,138.8	15,552.1(1)	16,056.4(2)	

Sources: Treasury Accounts and Treasury Statistical Summaries.
(1) Estimate based on The Bahamas National Statistical Institute publications.
(2) Revised estimate based on The Bahamas National Statistical Institute publications, in line with the fiscal year 2025/2026 Budget Communications.

The following table sets forth the Government's revenue, expenditure, and financing transactions for fiscal years 2019/2020 through 2023/2024 and the budgets for fiscal years 2024/2025 and 2025/2026.

	For the Years Ended June 30,					Budget	Budget
	2020	2021	2022(p)	2023(p)	2024(p)	2024/2025	2025/2026
	(in millions of $)						
Revenue and Grants(1):							
Tax revenue	1,850.3	1,611.7	2,158.3	2,473.6	2, 736.1	3,142.6	3,439.2
Non-tax revenue	231.6	296.9	447.1	380.6	333.0	394.4	447.9
Capital revenue	0.0	0.0	0.2	0.1	0.0	3.4	3.4
Grants	0.1	0.2	0.2	1.1	—	3.0	5.8
Total	2,082.0	1,908.8	2,605.7	2,855.4	3,069.1	3,543.3	3,896.3
Expenditure:							
Current expenditure	2,533.3	2,872.5	3,043.6	3,062.5	2,961.4	3,268.6	3,444.5
Capital expenditure	387.2	371.1	283.8	327.5	301.7	344.5	376.3
Total	2,920.5	3,243.6	3,327.4	3,390.0	3,263.1	3,613.1	3,820.8

Overall budget deficit	**(838.5)**	**(1,334.8)**	**(721.7)**	**(534.6)**	**(194.0)**	**(69.8)**	**75.5**
Total financing activities	**838.5**	**1,334.8**	**721.7**	**534.6**	**194.0**	**69.8**	**(75.5)**
Net acquisition of financial assets(1):							
Sinking Funds	46.5	29.6	66.3	116.5	260.1	46.5	46.5
Equity	10.3	2.1	—	—	—	—	—
Other	15.0	—	74.2	120.0	37.7	—	—
Total	71.8	31.7	140.5	236.5	297.8	46.5	46.5
Net incurrence of liabilities (+):							
Internal borrowing(1):							
Bahamian Dollars:							
Treasury bills (net)	233.6	49.1	308.8	114.3	286.3	—	n.a.
Loans/advances	305.0	494.9	995.0	1,364.5	1,223.2	—	n.a.
Government securities	562.6	559.5	712.4	822.9	1,067.4	—	n.a.
Total	1,101.1	1,103.5	2,016.2	2,301.7	2,577.0	1,576.0	n.a.
Foreign currency:							
Loans	50.0	130.4	66.8	232.3	234.6	—	n.a.
Government securities	—	—	—	—	—	—	n.a.
Total	50.0	130.4	66.8	232.3	234.6	—	n.a.
Total internal borrowing	1,151.1	1,234.0	2,083.1	2,534.0	2,811.5	1,576.0	n.a.
External borrowing(1):							
Loans	395.7	1,016.9	568.9	451.2	816.2	392.8	n.a.
Government securities	—	825.0	385.0	—	—	—	n.a.
Total external borrowing	395.7	1,841.9	953.9	451.2	816.2	392.8	n.a.
Total borrowing	**1,546.8**	**3,075.9**	**3,036.9**	**2,985.2**	**3,627.7**	**1,968.8**	**1,146.0**
Debt repayment(2):							
Internal:							
Bahamian dollars	835.1	956.8	1,715.6	2,052.3	2,558.1	1,101.9	n.a.
Foreign currency	—	—	138.8	22.4	257.0	257.9	n.a.
Total	835.1	956.8	1,854.4	2,074.8	2,815.1	1,359.8	n.a.
External	43.9	401.0	290.7	458.5	750.8	473.7	n.a.
Total debt repayment	879.0	1,357.8	2,145.0	2,533.2	3,565.9	1,833.5	1,221.5
Change in short term advances	23.8	(5.8)	(75.6)	30.6	(4.4)	—	—
Cash balance change increase (decrease)	218.7	(345.8)	46.0	288.5	434.4	(19.0)	46.5

Sources:
(1) Treasury Accounts and Treasury Statistical Summaries.
(2) Annual Borrowing Plan.

Revenues and Expenditures

The Government's overall deficit decreased to approximately $194.0 million in fiscal year 2023/2024 from approximately $534.6 million for fiscal year 2022/2023. The Government expects its overall deficit to decrease in fiscal year 2024/2025 compared to the fiscal year 2023/2024 budget and turn to a surplus in fiscal year 2025/2026 due to the ongoing efforts to achieve fiscal consolidation in line with the fiscal targets set in the PFMA 2023.

Current Revenues

The Bahamas relies on indirect taxes, mainly in the form of customs duties, stamp taxes, real property taxes, taxes on tourism activities, and VAT. Historically, the majority of the revenue collected was derived from taxes on international trade; however, after the full introduction of VAT, taxes on international trade comprised an average of 20.4% of total revenue, while VAT receipts made up 42.4% over the last five fiscal years. Further, non-tax revenue, comprising various fees, services charges, and property sales, has accounted for an estimated 13.6% of total revenue over the past five fiscal years. Due to the seasonality of tourism arrivals and their impact on government revenues, since fiscal year 2020/2021, total revenue and grants collected during the second and third quarters—from January 1 to June 30—have accounted for 58.7% of full fiscal year totals.

The following table sets forth the Government's revenues for fiscal years 2019/2020 through 2023/2024 and the budgets for fiscal year 2024/2025 and fiscal year 2025/2026.

	For the Years Ended June 30,					Budget	Budget
	2020	2021	2022(p)	2023(p)	2024(p)	2024/2025	2025/2026
Tax revenue			(in millions of $)				
Income, profits and capital gains tax	—	—	—	—	—	—	130.1
Property tax	100.3	143.5	146.9	161.5	203.2	230.0	254.6
Taxes on goods and services							
General							
Value added tax	875.5	740.1	1,135.8	1,252.0	1, 346.3	1,515.6	1,524.9
Stamp tax	66.9	57.5	83.0	107.0	108.8	141.9	152.2
Excise tax	205.6	176.3	46.5	2.7	18.7	3.8	11.0
Specific taxes (gaming)	39.9	37.8	51.3	63.9	45.4	62.3	57.0
Taxes on use of/permission to use goods							
Motor vehicle tax	30.8	32.4	34.0	34.7	34.7	51.2	51.2
Company registration fees	16.8	21.7	19.9	20.1	19.6	30.2	23.6
License to conduct specific bus. Activities	103.0	97.5	112.7	144.8	219.7	242.1	240.1
Marine license activities	1.8	3.4	5.4	3.9	7.4	18.8	21.5
Bank & trust co. license fees	—	—	—	—	—	—	—
Taxes on international trade and transactions							
Customs & other import duties	224.4	192.4	248.6	248.9	258.5	295.3	307.3
Taxes on exports	53.1	95.9	177.4	253.5	246.5	293.0	266.1
Departure tax	125.3	10.7	84.9	172.2	219.3	241.3	317.2
Other	0.2	0.2	0.7	0.9	0.9	1.0	81.4
General stamp taxes	6.7	2.5	11.1	7.7	7.1	16.1	1.0
Total tax revenue	**1,850.3**	**1,611.7**	**2,158.3**	**2,473.6**	**2,736.1**	**3,142.6**	**3,439.2**
Non-tax revenue							
Property income	30.5	35.3	82.8	64.6	47.2	61.8	65.1
Interest & dividends	10.9	19.6	56.6	45.7	32.1	43.5	46.3
Revenue from Government property	19.6	15.7	26.2	18.9	15.0	18.3	18.8
Sales of goods & services	150.9	175.2	225.3	211.2	238.7	240.1	304.5
Fees & service charges	131.8	162.0	209.0	194.3	216.5	215.6	278.8
Other	19.1	13.2	16.3	16.9	22.2	24.6	25.7
Fines, penalties & forfeits	4.8	5.9	5.5	5.3	6.1	6.1	7.4
Reimbursements & repayments	39.7	42.9	42.6	44.2	35.1	51.2	49.2
Misc. & unidentified revenue	5.7	37.5	90.6	54.8	4.4	34.0	20.4
Sales of other non-financial assets	0.0	0.0	0.4	0.5	1.7	1.1	1.3
Total non-tax revenue	**231.6**	**296.9**	**447.1**	**380.6**	**333.0**	**394.4**	**447.9**
Capital revenue	0.0	0.0	0.2	0.1	0.0	3.4	3.4
Grants	0.1	0.2	0.2	1.1	—	3.0	5.8
Total revenue and grants	**2,082.0**	**1,908.8**	**2,605.7**	**2,855.4**	**3,069.1**	**3,543.3**	**3,896.3**

Sources: Treasury Accounts and Treasury Statistical Summaries.

Tax Reforms

In January 2015, the Government implemented a VAT as part of its fiscal consolidation plan. Since then, the VAT rate increased from 7.5% to 12% on July 1, 2018, and then transitioned to a broader based taxation system with a VAT rate of 10%, effective January 1, 2022. On January 1, 2023 a Condo-Hotel Tax was implemented at a rate of 75% of the residential property rate. As of January 1, 2024 the Government introduced a $5 tourism environmental tax on cruise passengers, and increased the departure tax rate for cruise passengers. On the same date, the Government implemented the requirement for new IBCs to pay a business license fee on revenues earned outside The Bahamas as part of The Bahamas' drive towards eliminating the preferential treatment of foreign entities to meet its commitments to the European Union and OECD.

Since fiscal year 2014/2015, the year when the VAT was first introduced, tax receipts have grown by 82%

compared to fiscal year 2023/2024, with major tax categories improving for VAT (more than100%), taxes on specific services (81.5%), taxes on international trade and transactions (48.2%), and taxes on the use and permission to use goods (33.9%).

The Government also recently introduced a corporate income tax that would be compatible with the OECD's global minimum tax rules for all in scope entities in The Bahamas—i.e., multinational enterprises with net income in excess of the equivalent of 750 million euros. The Domestic Minimum Top-Up Tax Act, 2024, came into force on January 1, 2024 and all amounts of DMTT in respect of the fiscal year of an MNE group for which a constituent entity is liable must be paid no later than:

(a) if the fiscal year is the "transition year" of the MNE group with respect to The Bahamas, the day that is eighteen months after the last day of that fiscal year; or

(b) in any other case, the day that is fifteen months after the last day of that fiscal year.

All in, through the 15% effective tax rate, the Government expects that the DMTT will contribute $130 million to government revenues during fiscal year 2025/2026.

During the fiscal year 2024/2025 budget presentation the Government indicated it would pursue revenue raising measures that target better collection of VAT on real estate, property taxes and business license fees.

The Bahamas applied to become a member of the WTO in September 2001. Over the years, work has been undertaken to either update or create the legal and regulatory framework required for the implementation of the various WTO agreements. The Bahamas has held four meetings, the last being held in 2019, with the WTO working party, that included multilateral and bilateral negotiations with several members, including the United States, Canada, and the European Union as its major trading partners. These negotiations are required to finalize the Government's commitments. The target date for WTO accession, initially announced for year-end 2019, has been delayed to allow for legislative reform and greater public awareness on the impact of WTO membership.

In preparation for accession to the WTO, the Government has made a concerted effort to reduce the overall share of tariffs and duties as a percentage of total government revenue. As a result of several tax reform measures, the overall share of tariffs as a percentage of government revenue has decreased over the past seven fiscal years.

Current and Capital Expenditure

A substantial portion of current expenditures is for the purchase of goods and services and wages and salaries, while a major proportion of capital expenditure is earmarked for developmental and infrastructural programs, with smaller sums relating to transfers to public corporations. General public service accounts for the largest category of expenditures, averaging approximately 36.6% of total spending over the past five years, followed by economic affairs (14.5%), health (13.5%), education (10.7%), public order and safety (8.0%), and social protection (9.0%), with the remaining categories accounting for less than 5.0% each.

The following table sets forth the Government's expenditures, by functional classification, for fiscal years 2019/2020 through 2023/2024 and the budget for fiscal year 2024/2025.

	For the Years Ended June 30,					
	2020(p)	2021(p)	2022(p)	2023(p)	2024(p)	Budget 2024/2025
	(in millions of $)					
General public service:	1,025.3	998.8	1,245.5	1,308.2	1,344.0	1,594.3
of which:						
Executive organs, fin., fiscal, & ext. affairs	442.3	363.3	354.4	449.3	446.7	628.6
General personnel services	206.0	183.5	279.8	227.1	220.1	240.5
Public debt transactions	345.4	422.5	575.4	587.6	634.5	676.7
Defense	67.5	66.8	69.1	75.9	76.7	81.1
Education	369.7	363.6	326.7	327.1	324.2	332.6
Health	409.9	490.7	461.4	431.1	379.5	410.4
Public order & safety	249.0	232.4	264.9	273.0	268.8	289.9
Housing	4.0	4.1	4.6	5.3	8.5	11.4
Environmental protection	156.5	140.8	153.2	149.0	77.8	81.5
Economic Affairs	426.0	460.9	467.2	512.7	479.6	503.8
of which:						
General economic, commercial & labor affairs	14.0	11.7	13.5	15.9	16.1	19.9
Mining, manufacturing & construction	130.9	157.2	188.7	227.6	233.0	188.4
Agriculture, forestry, fishing, and hunting	31.6	26.3	30.3	36.4	33.0	39.0
Transport	76.6	136.8	67.5	68.0	65.2	79.9
Other Industries	83.2	79.0	103.3	114.3	99.1	97.9
of which:						
Tourism	76.8	61.0	87.2	91.5	76.1	76.6
Recreation, culture & religion	31.8	26.1	27.6	46.0	48.8	43.7
Social protection:	180.7	459.4	307.2	261.7	255.2	264.6
of which:						
Old age	111.6	160.3	165.7	174.7	180.0	185.9
Social exclusion	6.0	4.1	5.4	9.1	10.8	8.4
Total expenditure	2,920.5	3,243.6	3,327.4	3,390.0	3,263.1	3,613.1

Sources: Treasury Accounts and Treasury Statistical Summaries.

The following table sets forth the Government's expenditures for fiscal years 2019/2020 through 2023/2024 and the budgets for fiscal year 2024/2025 and fiscal year 2025/2026.

	For the Years Ended June 30,					Budget 2024/2025	Budget 2025/2026
	2020	2021	2022(p)	2023(p)	2024(p)		
	(in millions of $)						
Current Expenditure							
Compensation of Employees	761.8	700.8	738.4	805.2	843.3	888.8	938.0
Use of Goods & Services	566.8	613.6	638.6	672.4	561.4	687.3	735.3
Public Debt Interest	345.4	422.5	551.8	573.1	613.2	656.7	668.0
Internal	205.5	230.5	257.4	262.8	276.1	303.2	301.2
Bahamian Dollars	204.5	225.9	245.5	254.4	252.2	292.2	n.a.
Foreign Currency	1.0	4.6	11.8	8.5	23.9	11.0	n.a.
External	139.9	192.0	294.4	310.3	337.1	353.5	366.8
Subsidies	427.5	474.1	495.9	464.7	412.6	411.8	450.6
Grants	8.6	6.4	8.7	7.1	9.1	10.7	11.3
Social Assistance Benefits	188.2	405.2	286.0	227.4	243.8	252.2	268.1
of which: Pensions & Gratuities	140.4	160.1	165.5	174.6	182.7	189.7	201.6
Other Payments	235.0	249.9	324.4	312.7	278.0	361.1	373.2
Current Transfers N.E.C.	158.4	181.0	188.6	232.0	197.7	280.1	287.6
Insurance Premiums	76.7	68.9	135.8	80.7	80.4	81.0	85.6
Total current expenditure	2,533.3	2,872.5	3,043.6	3,062.5	2,961.4	3,268.6	3,444.5
Capital Expenditure							
Capital Transfers	151.0	96.2	58.8	45.5	51.4	101.2	120.7
Acquisition of Non-financial Assets	236.2	274.9	225.0	282.0	250.3	243.3	255.6
Fixed Assets	236.2	274.9	223.6	271.2	248.3	241.3	253.6
Valuables	—	—	—	—	—	—	—
Land	—	—	1.4	10.8	2.0	2.0	2.0
Total capital expenditure	387.2	371.1	283.8	327.5	301.7	344.5	376.3
Total Expenditure	**2,920.5**	**3,243.6**	**3,327.4**	**3,390.0**	**3,263.1**	**3,613.1**	**3,820.8**

Sources: Treasury Accounts and Treasury Statistical Summaries.

Nine-Month Revenues and Expenditures for Fiscal Year 2024/2025

For the nine months ended March 2025 for fiscal year 2024/2025, total revenue reached an estimated $2,457.8 million reflecting a 12.2% increase compared to the $2,191.5 million in receipts for the same period of fiscal year 2023/2024. Total revenue at the end of March 2025 accounted for an estimated 69.4% of the budget for fiscal year 2024/2025. Tax revenue rose by 12.4% to $2,199.3 million, bolstered by improvements on taxes related to the use and permission to use goods and services (29.1%), international trade and transactions (24.9%), and property tax (18.8%). Non-tax revenue saw a 9.7% increase to $258.2 million.

Total expenditure grew by an estimated 9.6% to $2,636.7 million, and accounted for an estimated 73.0% of the budget in the nine months ended March 2025. The current expenditure category accounted for 86.6% of the increase in aggregate spending due to higher outlays for goods and services, transfers, and public debt interest payments relative to the same period of the prior fiscal year. Capital expenditure increased by 13.1% to $266.0 million. As a result of the Government's overall operations, the deficit for the nine months ended March 2025 decreased by 16.6% to $178.9 million compared to the same period of fiscal year 2023/2024.

The following table sets forth the Government's fiscal accounts for the nine-month period in fiscal years 2020/2021 through 2024/2025, and the budgets for fiscal year 2023/2024 and fiscal year 2024/2025.

	As of the nine months ended March 31,					Budget	Budget
	2021	**2022**	**2023**	**2024(p)**	**2025(p)**	**2023/2024**	**2024/2025**
				(in millions of $)			
Total revenue	**1,230.6**	**1,845.4**	**2,079.0**	**2,191.5**	**2,457.8**	**3,319.0**	**3,543.3**
Tax revenue	**1,034.8**	**1,558.6**	**1,819.2**	**1,956.1**	**2,199.3**	**2,918.8**	**3,142.6**
Taxes on property	96.6	106.4	127.2	145.6	172.9	195.3	230.0
Value added tax	470.1	835.1	935.4	993.9	1,044.7	1,591.4	1,515.6
Excise tax	103.0	46.2	1.6	16.7	7.1	2.4	3.8
Taxes on financial & capital transactions	41.7	51.7	79.7	82.5	94.7	114.8	141.9
Taxes on specific services	16.4	37.5	48.5	36.3	28.4	63.3	62.3
Taxes on use & permission to use goods	116.0	126.1	129.2	173.4	223.8	234.9	342.3
Taxes on international trade & transactions	189.4	346.6	491.2	502.3	627.3	708.5	830.5
Other	1.6	9.1	6.4	5.4	0.3	8.1	16.1
Non-tax revenue	**195.8**	**286.6**	**258.6**	**235.4**	**258.2**	**397.5**	**394.4**
Sale of goods and services	111.9	170.5	155.4	176.2	186.6	236.3	240.1
Other	83.9	116.1	103.2	59.2	71.6	161.1	154.2
Grants	0.0	0.2	1.1	0.0	0.3	2.8	3.0
Capital revenue	0.0	0.1	0.1	0.0	0.0	0.0	3.4
Total expenditure	**2,108.8**	**2,181.6**	**2,328.8**	**2,405.9**	**2,636.7**	**3,450.1**	**3,613.1**
Current expenditure	**1,940.9**	**2,021.5**	**2,134.8**	**2,170.8**	**2,370.8**	**3,085.5**	**3,268.6**
Personal emoluments	513.9	538.3	594.0	629.0	649.0	856.3	888.8
Use of goods & services	381.2	403.0	432.0	431.8	514.2	628.6	687.3
Public debt interest	264.1	333.8	391.8	409.1	447.3	612.7	656.7
Subsidies	330.0	351.3	330.4	312.8	338.0	408.1	411.8
Social assistance and pensions	270.4	199.6	170.2	181.6	175.2	236.5	252.2
Other payments	181.1	195.5	216.4	206.4	247.0	343.3	371.8
Capital expenditure	**167.9**	**160.1**	**193.9**	**235.1**	**266.0**	**364.6**	**344.5**
Capital transfers	44.4	35.1	26.6	40.7	55.4	113.2	101.2
Acquisition of non-financial assets	123.5	125.0	167.4	194.4	210.6	251.4	243.3
Overall deficit	**(878.2)**	**(336.2)**	**(249.7)**	**(214.4)**	**(178.9)**	**(131.1)**	**(69.8)**

Sources: Treasury Accounts and Treasury Statistical Summaries.

PUBLIC SECTOR DEBT

General

The public sector debt of The Bahamas consists of direct internal and external debt obligations of the Government and the public corporations. Since gaining independence in 1973, The Bahamas has never defaulted in the payment of principal or interest on any of its internal or external indebtedness to any lender or investor. However, from time to time the Government has cured defaults on intra-governmental debt between wholly-owned Government agencies. Moreover, since 2021, public sector debt has been on a downward trend, falling from 104.3% of GDP in December 2020 to 83.1% of GDP in December 2024.

As of March 31, 2025, the public sector debt of The Bahamas totaled approximately $13,110.9 million, including approximately $11,708.7 million in direct debt obligations of the Government, approximately $1,079.6 million in non-guaranteed debt of state-owned enterprises and approximately $322.6 million in guaranteed debt of state-owned enterprises, which excludes $7.4 million of private sector Bahamian dollar loans guaranteed by the Central Government. Of the approximately $11,708.7 million in direct debt obligations of the Government, approximately $6,409.2 million or 54.7% represented debt denominated in Bahamian dollars and the balance of approximately $5,299.4 million or 45.3% represented debt denominated in foreign currencies, primarily U.S. dollars.

As used herein, the term "external debt" means debt initially incurred or issued outside The Bahamas, regardless of the currency of denomination, while "internal debt" means debt initially incurred or issued inThe Bahamas, regardless of the currency of denomination.

All long-term borrowings by the Government must be approved by Parliament. The legal authorizations for the issuance of the notes offered hereby are set forth in the resolutions of the House of Assembly dated June 17, 2024 and March 10, 2025. The June 17, 2024 resolution authorizes the Minister of Finance to borrow $37.0 million to cover the projected gap between revenue and expenditures, in addition to amounts required to refinance or reschedule existing public debt as long as the latter borrowing activities do not lead to variations in the net debt position beyond the $37.0 million at the end of fiscal year 2024/2025. The fiscal year 2024/2025 budget estimated scheduled refinancing of maturing debt securities and loans at $1,733.5 million. This amount does not take into account any prospective liability management operations, such as the recent U.S.$218.2 million bond buyback, and a portion of the issuance of notes offered hereby, which are not intended to extend the outstanding debt. The Government also intends to avail itself of $32.8 million in installment withdrawals on existing multilateral loans associated with various investment projects. The March 10, 2025 resolution authorizes the Minister of Finance to borrow the sum of $300.0 million in any currency and instrument as the Minister may determine and approves the deposit of the borrowing proceeds to the National Investment Fund, as provided for under the National Investment Funds Act, 2022. The National Investment Fund Act, 2022 is intended to repeal and replace the Sovereign Wealth Fund Act, 2016 and to provide for the establishment of the fund for the following purposes:

- the development of national infrastructure and public improvement projects;
- the public development and advancement of projects related to the blue, green and orange economy;
- to receive revenues derived from national assets and resources in public-private partnerships;
- to receive revenues derived from share ownership of the Government in private companies;
- to receive revenues derived from royalty payments received from the exploitation of natural resources pursuant to the Biological Resources and Traditional Knowledge Act; and
- to receive revenues derived from the trading of carbon credits.

Between the end of June 2024 and the end of December 2024, the Government increased the debt stock by $443.8 million—with the external component growing by $67.3 million and domestic debt by $376.5 million. Growth in the external debt included:

- a U.S.$300 million climate-related facility from Standard Chartered Bank, with proceeds used to refinance U.S.$299.6 million in existing debt (U.S.$0.4 million debt stock impact);
- a €200.0 million ($216.2 million) enhancement on an existing credit facility from Deutsche Bank; and
- a U.S.$19.8 million facility from National Commercial Bank Jamaica Ltd.

The increase in the domestic debt included the following transactions:

- $100.0 million commercial facility from the RBC Royal Bank (Bahamas) Ltd.;
- $169.0 million in advances form the Central Bank;
- $117.8 million in Treasury Bills; and
- $91.5 million in bonds.

The Public Debt Management Act, 2021 which replaced the administrative provisions of the FAA Act, outlines the purposes for which the Minister of Finance may borrow and also authorizes the Minister of Finance to borrow, either within or outside The Bahamas, from any person, organization, foreign government, international organization or foreign organization by: (a) entering into Government loan agreements or line of credit agreements; (b) issuing securities; or (c) creating any other debt instrument, in local or any foreign currency.

By the Central Banks' statute, and as part of its overall annual borrowing limit, the Government is also able to access short-term advances which may not exceed the lesser of 15.5% of the average ordinary revenue of the Government for the last three years or 15.5% of the estimated ordinary revenue for the most recently approved budget estimates. As of December 31, 2024, the Central Bank's advances to the Government were approximately $331.0 million, which represented 15.48% of average ordinary revenue for fiscal years 2018/2019, 2019/2020 and 2020/2021, and 9.35% of estimated ordinary revenue for fiscal year 2024/2025. The Central Bank's statute also limits its portfolio of government securities with maturities of five or more years to 20% of the Central Bank's demand liabilities. As of March 31, 2025 this statutory proportion of long-term debt was 7.70%.

The Government, by legislation, also acts as a guarantor under several loan programs to citizens to assist with housing, hurricane re-building, education, small business development and tourism development and, from time to time, cures defaults associated with these loans. In connection with each of these loan programs, the borrower is required to pay an annual premium fee that the Government pools into separately designated reserve accounts for each program. The Government utilizes the funds from the requisite reserve account to satisfy defaults under these loans. If, and to the extent that, the amounts in the requisite reserve account are insufficient to satisfy the default, the Government, as guarantor, will cure any defaults. To the extent that these payments are made, they are reflected in the national budget. To date, payments made by the Government in excess of the established reserves have not been material; however, there can be no assurance that payments made by the Government in excess of the established reserves in the future, including in connection with the restructuring of the loans made by the Education Loan Authority, will not be significant.

The following table sets forth the central Government debt plus the contingent liabilities of The Bahamas as of December 31, 2019 through March 31, 2025.

	As of December 31,						As of March 31, 2025
	2019(p)	2020(p)	2021(p)	2022(p)	2023(p)	2024(p)	
	(in millions of $)						
Direct Charge							
External Debt (by Instrument)							
Government securities	1,650.0	2,475.0	2,475.0	2,860.0	2,860.0	2,341.8	2,341.8
Loans	917.7	1,556.4	1,869.3	1,983.5	2,169.8	2,790.7	2,704.5
Total external debt	2,567.7	4,031.4	4,344.3	4,843.5	5,029.8	5,132.5	5,046.3
External Debt (by Holder)							
Bilateral financial institutions	72.5	70.9	66.1	54.7	47.2	40.1	37.4
International financial institutions	232.1	853.9	1,121.3	1,124.3	1,324.1	1,245.3	1,208.6
Private capital markets	1,650.0	2,475.0	2,475.0	2,860.0	2,860.0	2,341.8	2,341.8
Other financial institutions	613.0	631.6	681.9	804.4	798.5	1,505.3	1,458.5
Total external debt	2,567.7	4,031.4	4,344.3	4,843.5	5,029.8	5,132.5	5,046.3
Internal Debt (by Instrument)							
Foreign currency	50.0	180.4	176.3	329.9	309.4	248.8	253.1
Loans	50.0	180.4	176.3	329.9	309.4	248.8	253.1
Bahamian dollars	5,115.6	5,205.6	5,796.8	5,862.5	6,088.3	6,376.3	6,409.2
Advances	74.9	4.9	265.0	335.0	192.0	331.0	291.0
Treasury bill	977.1	921.9	1,122.0	1,005.5	1,200.3	1,255.4	1,440.8
Government securities......	3,725.3	3,808.2	3,924.7	4,169.6	4,399.7	4,513.5	4,451.6
Loans	338.2	470.6	485.1	352.4	296.3	276.4	225.8
Total internal debt......	5,165.6	5,386.1	5,973.1	6,192.5	6,397.7	6,625.1	6,662.4
Internal Debt (by Holder)							
Foreign currency	50.0	180.4	176.3	329.9	309.4	248.8	253.1
Commercial banks	50.0	180.4	176.3	97.3	74.9	20.8	20.8
The Central Bank..............	—	—	—	232.7	234.6	228.0	232.3
Bahamian dollars	5,115.6	5,205.6	5,796.8	5,862.5	6,088.3	6,376.3	6,409.2
The Central Bank	455.7	253.4	617.1	646.2	708.4	779.8	736.6
Commercial banks	2,053.6	2,174.0	2,336.6	2,283.3	2,393.5	2,566.8	2,654.5
Other local financial institutions	21.7	34.7	1.1	—	—	—	—
Public corporations	602.7	577.0	518.9	507.9	505.5	370.1	373.9
Other	1,981.8	2,166.6	2,323.2	2,425.2	2,480.9	2,659.6	2,644.2
Total internal debt	5,165.6	5,386.1	5,973.1	6,192.5	6,397.7	6,625.1	6,662.4
Total foreign currency debt(1)................................	**2,617.7**	**4,211.8**	**4,520.6**	**5,173.4**	**5,339.2**	**5,381.3**	**5,299.4**
Central Government Debt ...	**7,733.2**	**9,417.4**	**10,317.4**	**11,035.9**	**11,427.5**	**11,757.5**	**11,708.7**
Contingent Liabilities							
Bahamas Development Bank	41.0	41.0	40.1	38.8	38.1	37.5	36.1
Bahamas Electricity Corporation	246.0	—	—	—	—	—	—
Bahamas Water & Sewerage Corp.	72.0	67.4	62.8	58.2	53.5	49.2	49.2
Bridge Authority	16.0	16.0	16.0	16.0	16.0	8.0	8.0
Bahamas Mortgage Corporation	160.0	160.0	160.0	160.0	155.0	153.0	150.0
Education Loan Authority	62.0	47.0	47.0	47.0	20.0	20.0	20.0
The Clifton Heritage Authority	24.0	24.0	24.0	24.0	24.0	24.0	24.0

Public Hospitals Authority......	77.1	68.1	47.1	43.2	39.2	35.3	35.3
SBDC Bahamas	0.9	1.5	2.2	3.1	5.3	7.6	7.4
Lucayan Renewal Holdings Ltd	25.0	15.0	—	—	—	—	—
Total Contingent Liabilities ...	724.0	440.0	399.1	390.2	351.2	334.6	329.9
Central Government Debt Plus Contingent Liabilities	8,457.3	9,857.4	10,716.5	11,426.1	11,778.7	12,092.1	12,038.6

(1) External plus internal foreign currency debt
Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

As the above table shows, total Government debt has increased since 2019. The Government recognizes that continued debt accumulation may increase the vulnerability of the Bahamian economy to adverse domestic or external factors. As a result, the Government has placed a high priority on reducing the ratio of Government debt-to-GDP in the medium term.

Short-Term and Long-Term Debt

As the above table shows, the Central Government's debt portfolio reflects a heavier concentration of short-term debt in Bahamian dollars, with 42.6% maturing within one year, compared to 5.6% of foreign currency debt. In contrast, long-term debt—defined as maturities exceeding five years—makes up a larger share of the foreign currency portfolio, accounting for 61.5%, compared to 37.4% in Bahamian dollars. Notably, U.S. dollar-denominated debt is more heavily weighted toward the long end of the maturity spectrum, with 38.9% maturing in 5 to 10 years and 17.5% extending beyond 15 years, reflecting the Government's strategy to lock in semi-concessional financing from multilateral organizations over a longer horizon in foreign currency. The following table sets forth Government debt outstanding by remaining maturity as of March 31, 2025.

Remaining Years Until Maturity	**Bahamian Dollar**	**Foreign Currency**	**U.S. Dollar**
1 year or less	42.6%	5.6%	0.0%
1-5 years..	20.0%	32.9%	28.4%
5-10 years	12.7%	33.7%	38.9%
10-15 years	11.8%	12.9%	15.2%
15 years or more	12.9%	14.9%	17.5%
Total	100.0%	100.0%	100.0%

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

Internal Debt

Total direct internal Government debt was approximately $6,662.4 million as of March 31, 2025, representing an increase of approximately 0.6% vis-à-vis December 31, 2024. Internal debt has been incurred or issued only in Bahamian dollars and U.S. dollars. However, no restrictions exist to prevent the incurrence or issuance of public debt in The Bahamas in other currencies or composite currencies.

The following table sets forth the composition of the direct internal debt of the Government by holder as of December 31, 2019 through March 31, 2025.

	As of December 31,						**As of March 31, 2025**
	2019(p)	**2020(p)**	**2021(p)**	**2022(p)**	**2023(p)**	**2024(p)**	
				(in millions of $)			
Bahamian Dollars							
The Central Bank	455.7	253.4	617.1	646.2	708.4	779.8	736.6
Commercial banks	2,053.6	2,174.0	2,336.6	2,283.3	2,393.5	2,566.8	2,654.5

Other local financial institutions...	21.7	34.7	1.1	—	—	—	—
Public corporations	602.7	577.0	518.9	507.9	505.5	370.1	373.9
Other	1,981.8	2,166.6	2,323.2	2,425.2	2,480.9	2,659.6	2,644.2
Total	5,115.6	5,205.6	5,796.8	5,862.5	6,088.3	6,376.3	6,409.2
Foreign currency							
Commercial banks	50.0	180.4	176.3	97.3	74.9	20.8	20.8
Other local financial institutions...	—	—	—	—	—	—	—
The Central Bank	—	—	—	232.7	234.6	228.0	232.3
Total	50.0	180.4	176.3	329.9	309.4	248.8	253.1
Total direct internal debt ..	**5,165.6**	**5,386.1**	**5,973.1**	**6,192.5**	**6,397.7**	**6,625.1**	**6,662.4**

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

As of March 31, 2025, internal debt represented 56.9% of The Bahamas' total direct Government debt. Of the total $6,662.4 million in total internal direct debt of the Government as of March 31, 2025, 96.2% was denominated in local currency, while the remaining 3.8% was denominated in foreign currency. Between December 31, 2019 and March 31, 2025, internal direct debt rose by approximately 29.0%.

For a description of the internal debt (guaranteed and other) of the public corporations, see "—Debt of Public Corporations."

External Debt

Total direct external Government debt was approximately $5,046.3 million as of March 31, 2025, representing a 1.7% decrease compared to December 2024. The external debt set forth in the table below is denominated principally in U.S. dollars. The following is a summary of debt securities issued by the Commonwealth:

- In July 2003, The Bahamas completed an offering in the international capital markets, of U.S.$200.0 million of 6.625% Notes due 2033. The 6.625% Notes, which will mature on May 15, 2033, provide for semi-annual interest payments.

- In April 2008, The Bahamas completed an offering in the international capital markets of U.S.$100.0 million of 7.125% Notes due 2038. The 7.125% Notes, which will mature on April 2, 2038, provide for semi-annual interest payments.

- In November 2009, The Bahamas completed an offering in the international capital markets of U.S.$300.0 million of 6.950% Notes due 2029. The 6.950% Notes, which will mature on November 20, 2029, provide for semi-annual interest payments.

- In November 2017, The Bahamas completed an offering in the international capital markets of U.S.$750.0 million of 6.000% Notes due 2028. The 6.000% Notes, the principal amounts of which The Bahamas will pay in three equal annual installments on November 2026, November 2027, and November 2028, provide for semi-annual interest payments.

- In October 2020, The Bahamas completed an offering in the international capital markets of U.S.$600.0 million of 8.950% Notes due 2032. The 8.950% Notes, the principal amounts of which The Bahamas will pay in three equal annual installments, on October 2030, October 2031 and October 2032, provide for semi-annual interest payments. In December 2020, the offering was reopened and an additional U.S.$225.0 million was issued.

- In June 2022, The Bahamas completed an offering in the international capital markets of U.S.$135 million of 3.850% Notes due 2036, which benefited from an IDB guarantee. The 3.850% Notes, the principal amounts of which The Bahamas will pay in four equal annual installments, on June 2033, June 2034, June 2035 and June 2036, provide for semi-annual interest payments. Within the same issuance, The Bahamas completed an offering in the international capital markets of U.S.$250 million of 9.0% Notes due 2029. The 9.0% Notes, the principal amounts of which The Bahamas will pay in one annual installment, on June 2029, provide for semi-annual interest payments.

In November 2024, authorities launched The Bahamas Debt Conversion Project for Marine Conservation in collaboration with the IDB, The Nature Conservancy ("TNC"), Builders Vision, AXA XL, and Standard Chartered. This program is expected to generate an estimated U.S.$124 million in funding for marine conservation efforts over 15 years, helping to safeguard The Bahamas' marine ecosystems and combat climate change. As part of the transaction, The Bahamas refinanced U.S.$300 million of its external debt, comprising a repurchase of U.S.$218.2 million in principal amount of the notes listed above through a public tender offer (U.S.$216 million in cash expenditure) and a prepayment at par of U.S.$81 million in external commercial bank debt. The liability management operation was financed through a new U.S.$300 million commercial loan with a 15-year final maturity and a 10-year average life and supported by an innovative credit enhancement package. The package comprised (i) a U.S.$200 million first-loss partial policy-based guarantee provided by the IDB, (ii) a U.S.$70 million second-tier collateralized guarantee provided by Builders Vision and (iii) a U.S.$30 million third-tier credit insurance policy provided by AXA XL.

As the largest marine conservation funding program in the country's history, The Bahamas Debt Conversion Project for Marine Conservation, managed by The Bahamas Protected Areas Fund and led by the Government, will bolster the management of The Bahamas' Marine Protected Areas, which already encompass over 17% of its nearshore environment and support the development of climate-resilient management strategies including:

- A framework and procedures for enhanced effective management of its recently expanded network of MPAs.
- The development and implementation of a Marine Spatial Plan aimed at addressing increasing demands for the use of The Bahamas' ocean, using a transparent, participatory and science-based process with local communities and other stakeholders.
- A national mangrove management plan designed to enhance protection, management and restoration of this essential habitat type that helps minimize the risk of climate impacts.

The following table sets forth the composition of the direct external debt of the Government by holders of this debt as of December 31, 2019 through March 31, 2025.

	As of December 31,						As of March 31, 2025
	2019(p)	2020(p)	2021(p)	2022(p)	2023(p)	2024(p)	
	(in millions of $)						
Bilateral………………………….	72.5	70.9	66.1	54.7	47.2	40.1	37.4
International financial institutions...	232.1	853.9	1,121.3	1,124.3	1,324.1	1,245.3	1,208.6
Private capital markets	1,650.0	2,475.0	2,475.0	2,860.0	2,860.0	2,341.8	2,341.8
Other financial institutions	613.0	631.6	681.9	804.4	798.5	1,505.3	1,458.5
Total	**2,567.7**	**4,031.4**	**4,344.3**	**4,843.5**	**5,029.8**	**5,132.5**	**5,046.3**

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

For a description of the external debt (guaranteed and other) of public corporations, see "—Debt of Public Corporations."

As of March 31, 2025, the external debt of the Government accounted for approximately 43.1% of the direct charge debt of the Government.

Foreign Currency Debt

The following table sets forth the composition of the foreign currency-denominated public sector debt (including the debt of public corporations) as of December 31, 2019, through March 31, 2025.

	As of December 31,						As of March 31, 2025
	2019(p)	2020(p)	2021(p)	2022(p)	2023(p)	2024(p)	
	(in millions of $)						
Direct internal debt	50.0	180.4	176.3	329.9	309.4	248.8	253.1
Direct external debt	2,567.7	4,031.4	4,344.3	4,843.5	5,029.8	5,132.5	5,046.3
Total direct debt	2,617.7	4,211.8	4,520.6	5,173.4	5,339.2	5,381.3	5,299.4
Government-guaranteed debt of Public Corporations	365.2	99.4	62.8	58.2	53.5	49.2	49.2
Total	2,772.8	4,279.2	4,583.3	5,231.6	5,392.7	5,430.5	5,348.6
Non-Government-guaranteed debt	493.2	472.8	449.5	420.9	380.4	300.8	293.6
Total	**3,476.0**	**4,784.0**	**5,032.8**	**5,652.5**	**5,773.1**	**5,731.3**	**5,642.2**

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

More than half of all external public sector debt borrowings were at fixed interest rates. The profile of foreign currency public sector debt (including non-Government guaranteed debt of public corporations) as of March 31 2025, was as follows:

Currency	Share of total
U.S. dollar	85.8%
IMF SDRs	4.6%
Swiss franc	0.6%
European Currency Units	8.3%
Chinese Yuan	0.7%
Total	100.0%

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

Public Sector Foreign Currency Debt Outstanding by Holder

The following table sets forth the foreign currency denominated public sector debt outstanding (including the debt of public corporations) by holder as of December 31, 2020 through March 31, 2025.

	As of December 31,					As of March 31, 2025
	2020(p)	2021(p)	2022(p)	2023(p)	2024(p)	
	(in millions of $)					
Multilateral:						
Inter-American Development Bank	539.3	707.4	724.7	893.0	894.0	889.9
World Bank	—	100.0	100.0	100.0	100.0	100.0
International Monetary Fund	262.7	255.3	242.7	183.5	59.5	30.3
European Investment Bank	0.3	0.3	0.2	0.2	0.2	0.2
Caribbean Development Bank	118.9	121.1	114.9	200.9	240.8	237.4
Total multilateral	921.2	1,184.1	1,182.5	1,377.6	1,294.5	1,257.8
Bilateral:						
Export-Import Bank of China	70.9	66.1	54.7	47.2	40.1	37.4
Total bilateral	70.9	66.1	54.7	47.2	40.1	37.4
Commercial Banks / International Financial Institutions	**927.1**	**961.0**	**992.9**	**946.1**	**1,544.1**	**1,495.9**
Monetary Authorities	**—**	**—**	**232.7**	**234.6**	**228.0**	**232.3**
Other / International Investors	**2,864.8**	**2,821.7**	**3,189.7**	**3,167.6**	**2,624.6**	**2,618.9**
Total	**4,784.0**	**5,032.9**	**5,652.5**	**5,773.1**	**5,731.3**	**5,642.3**

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

Public Sector Bahamian Dollar Debt

Public sector debt denominated in Bahamian dollars increased by approximately 24.6% between December 2019 and December 2024. As of December 31, 2024, public sector Bahamian dollar-denominated debt (including the debt of public corporations) consisted of approximately $6,376.3 million in direct debt from domestic bank loans and securities issued and a total of approximately $1,056.6 million of total public corporation debt (of which approximately $277.8 million was contractually guaranteed by the Government). Bahamian-dollar public sector debt borrowings were predominately issued at fixed interest rates, primarily influenced by the central Government's shift in strategy to fixed rate bond issuances.

The following table sets forth the composition of the public sector debt (including the debt of public corporations) in Bahamian dollars as of December 31, 2019 through March 31, 2025.

	As of December 31,						As of March 31, 2025
	2019(p)	2020(p)	2021(p)	2022(p)	2023(p)	2024(p)	
	(in millions of $)						
Total internal debt (Govt)	5,115.6	5,205.6	5,796.8	5,862.5	6,088.3	6,376.3	6,409.2
Government-guaranteed debt	357.9	339.0	334.2	329.0	292.4	277.8	273.4
Total	5,473.5	5,544.7	6,130.9	6,191.5	6,380.7	6,654.0	6,682.6
Non-Government-guaranteed debt	487.7	484.8	473.6	611.3	683.4	778.8	785.9
Total (including non-Government guaranteed debt)	**5,961.2**	**6,029.4**	**6,604.6**	**6,802.8**	**7,064.0**	**7,432.8**	**7,468.6**

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

Debt of Public Corporations

Considering the Government's ownership interest in various public corporations, the Government is a guarantor by contract of certain indebtedness of such public corporations, and the incurrence of any debt by the public corporations is subject to Government approval, as described in "Government Enterprises—Public Corporations." Guarantees by the Government of any public corporation indebtedness are in addition to the Government's direct indebtedness. The Government has had to meet calls on the guarantees for Government guaranteed student loans under the Education Loan Authority in the amount of $11.9 million in fiscal year 2018/2019 and an additional amount of $6.0 million in fiscal year 2020/2021. From time to time, the Government has also cured defaults on intra-governmental debt between wholly-owned Government agencies.

The Government has made a number of short-term shareholder loans to various public corporations. As of March 2025, these bilateral loans amounted to $328.2 million. Included in this was a U.S.$214.2 million which represents the balance of a U.S.$246.0 million BEC/BPL commercial loan facility assumed by the Government in July 2020. The Government and BPL executed agreements that allowed for BPL to continue to service the loans in accordance with the servicing on the original facility which was repaid by the Government in November 2024.

The following table shows the composition of the internal and external debt of public corporations (including both the debt contractually guaranteed by The Bahamas and the debt not supported by the Government's guarantee) as of and for the years ended December 31, 2019 through March 31, 2025.

	As of December 31,						As of March 31, 2025
	2019(p)	2020(p)	2021(p)	2022(p)	2023(p)	2024(p)	
	(in millions of $)						
External debt:							

Government-guaranteed loans							
Bahamas Electricity Corporation	83.2	—	—	—	—	—	—
Water and Sewerage Corporation	72.0	67.4	62.8	58.2	53.5	49.2	49.2
Bahamas Development Bank	—	—	—	—	—	—	—
Total	155.2	67.4	62.8	58.2	53.5	49.2	49.2
Non-Government-guaranteed loans							
Bahamasair	87.0	81.3	72.8	62.0	48.8	—	—
Nassau Airport Development Company	313.3	298.0	280.9	261.4	240.7	219.2	213.9
Total	400.2	379.3	353.7	323.4	289.4	219.2	213.9
Total external debt	555.4	446.7	416.5	381.5	343.0	268.4	263.1
Internal debt:							
Bahamian dollars							
Government-guaranteed loans							
Bahamas Mortgage Corp.	160.0	160.0	160.0	160.0	155.0	153.0	150.0
Bahamas Development Bank	41.0	41.0	40.1	38.8	38.1	37.5	36.1
Bridge Authority	16.0	16.0	16.0	16.0	16.0	8.0	8.0
Education Loan Authority	62.0	47.0	47.0	47.0	20.0	20.0	20.0
The Clifton Heritage Authority	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Public Hospitals Authority	54.9	51.0	47.1	43.2	39.2	35.3	35.3
Total	357.9	339.0	334.2	329.0	292.4	277.8	273.4
Non-Government-guaranteed loans							
Bahamas Electricity Corporation	35.5	35.5	20.5	20.5	20.5	20.5	20.5
The Bahamas Power and Light Co. Ltd.	45.0	45.0	45.0	113.6	184.0	173.0	170.3
Bahamas Electricity Corp. & The Bahamas Power & Light Co. Ltd.	—	—	—	74.2	74.2	74.2	74.2
Carmichael Village Project Development	—	—	—	—	—	10.0	10.0
Water and Sewerage Corporation	11.3	10.3	9.2	8.1	6.9	9.7	9.3
HoldingCo2015 Ltd.	10.8	10.8	10.8	10.8	10.8	10.8	10.8
Bahamas Development Bank	3.5	3.2	3.0	2.6	2.4	2.3	2.2
Bahamasair	22.9	21.4	19.2	16.3	12.8	58.8	62.3
Hotel Corporation	—	—	—	—	—	—	—
Bahamas Broadcasting Corporation	3.5	3.3	3.5	3.3	3.1	2.9	2.8
College of The Bahamas	31.7	28.2	24.7	21.3	17.8	14.3	14.3
Nassau Airport Development Co.	132.9	133.7	138.1	143.0	140.0	131.8	131.1
Public Hospitals Authority	—	—	—	—	—	16.6	16.6
National Sports Authority	—	—	—	—	—	5.2	9.2
Resolve Bahamas Limited	167.7	167.7	167.7	167.7	167.7	169.2	169.2
Bridge Authority	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Poinciana SPV Limited	15.5	14.7	13.8	13.0	12.3	11.3	11.1
Airport Authority	—	3.9	11.3	10.5	10.7	30.7	34.6
Bahamas Agricultural and Industrial Corp.	1.4	1.1	0.9	0.5	0.2	—	—
Education Loan Authority	—	—	—	—	—	17.7	17.7
Bahamas Mortgage Corp.	—	—	—	—	14.0	14.0	14.0
Total	487.7	484.8	473.6	611.3	683.4	778.8	785.9

Total Bahamian dollar	845.7	823.8	807.8	940.3	975.8	1,056.6	1,059.3
Foreign currency							
Government-guaranteed loans							
Bahamas Electricity Corporation	162.8	—	—	—	—	—	—
Bahamasair	—	—	—	—	—	—	—
Public Hospitals Authority	22.2	17.1	—	—	—	—	—
Lucayan Renewal Holdings Ltd.	25.0	15.0	—	—	—	—	—
Total	210.0	32.1	—	—	—	—	—
Non-Government-guaranteed loans							
Bahamas Electricity Corporation	—	—	—	—	—	—	—
The Bahamas Power and Light Co. Ltd.	30.0	30.0	30.0	29.3	24.0	18.0	16.5
Nassau Airport Development Company	63.0	63.5	65.8	68.3	67.0	63.6	63.2
Total	93.0	93.5	95.8	97.6	91.0	81.6	79.7
Total internal foreign currency	**302.9**	**125.6**	**95.8**	**97.6**	**91.0**	**81.6**	**79.7**
Total internal debt	**1,148.6**	**949.4**	**903.6**	**1,037.9**	**1,066.7**	**1,138.2**	**1,139.1**
Total foreign currency debt(1)	**858.3**	**572.2**	**512.2**	**479.1**	**433.9**	**350.0**	**342.8**
Total debt	**1,704.0**	**1,396.0**	**1,320.0**	**1,419.4**	**1,409.7**	**1,406.6**	**1,402.2**

(1) Includes internal and external debt.
Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

Total Debt Service

The following table sets forth the public sector debt service indicators (including the debt service of public corporations) for the period as of and for the years ended December 31, 2019 through December 31, 2024.

	As of and of the Years Ended December 31,					
	2019(p)	**2020(p)**	**2021(p)**	**2022(p)**	**2023(p)**	**2024(p)**
Foreign currency:						
Total debt service as a percentage of exports of goods and non-factor services	6.3%	22.1%	12.8%	13.7%	15.1%	18.0%
Debt service/GDP	2.5	8.4	3.5	7.5	7.5	11.0
Public sector debt/GDP	26.2	46.2	41.8	40.7	37.8	36.2
Bahamian dollars:						
Debt service/GDP	6.9	13.7	11.3	16.6	18.1	16.1
Public sector debt/GDP	44.9	58.2	54.9	49.0	46.3	46.9

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025; The Bahamas National Statistical Institute 2024 Advance Estimates for Gross Domestic Product.

During the five-year period ended December 31, 2024, foreign currency debt service accounted for an average of 7.6% of GDP, and Bahamian dollar debt service accounted for an average of 15.1% of GDP. The foreign currency public sector debt-to-GDP ratio decreased from 46.2% in 2020 to 36.2% in 2024. Likewise, the Bahamian dollar public sector debt-to-GDP ratio declined from 58.2% in 2020 to 46.9% in 2024.

The following table sets forth the public sector debt service schedule (including the debt service of the public corporations) for the years ended December 31, 2019 through December 31, 2024 and for the three months ended March 31, 2025.

	For the Years Ended December 31,	Three Months Ended

	2019(p)	2020(p)	2021(p)	2022(p)	2023(p)	2024(p)	March 31, 2025
	(in millions of $ unless stated)						
Foreign currency:							
Government	208.2	536.7	328.1	968.7	1,063.6	1,636.7	151.1
Public corporations	117.5	331.9	97.8	70.7	79.9	111.7	12.6
Total foreign currency debt service	325.7	868.6	425.9	1,039.4	1,143.5	1,748.4	163.7
Government debt service to Government revenue (%) (1)	8.3	17.3	13.8	35.5	28.6	34.5	n.a.
Bahamian dollars:							
Government	838.0	1,307.8	1,293.0	2,244.2	2,664.6	2,449.6	621.8
Public corporations	72.3	107.4	69.4	59.3	100.1	92.5	22.3
Total	910.3	1,415.3	1,362.4	2,303.4	2,764.7	2,542.2	644.1
Government debt service to Government revenue (%)	33.5	78.5	54.6	82.2	91.9	76.4	n.a.
Total debt service	1,235.9	2,283.8	1,788.3	3,342.8	3,908.2	4,290.6	807.8

(1) Net of refinancing activities

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.

Consistent with the higher level of Bahamian dollar debt, Bahamian dollar debt service requirements expanded from $910.3 million in 2019 to $2,542.2 million in 2024. Foreign currency debt service increased from approximately $325.7 million in 2019 to approximately $1,748.4 million in 2024. Net of refinancing activities, between 2019 and 2024, the ratio of foreign currency debt service to Government revenues has fluctuated, peaking at 35.5% in 2022, but averaging 25.9% over the last five years.

The following table sets forth the projected public sector debt service schedule (including the debt service of the public corporations) as of March 31 2025. The table does not give effect to the issuance of the notes offered hereby.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	(in millions of $)										
Amortization:											
Bahamian dollars											
Government*	2,748.1	496.0	357.1	298.1	234.4	190.4	192.1	162.2	189.8	97.8	40.0
Public corporations	283.1	145.4	78.3	90.7	77.2	50.4	40.1	24.0	18.6	37.6	122.5
Total	**3,031.1**	**641.4**	**435.4**	**388.8**	**311.7**	**240.8**	**232.1**	**186.2**	**208.5**	**135.3**	**162.5**
Foreign currency											
Government	463.6	506.3	606.0	458.2	679.7	455.6	447.0	469.4	364.0	149.2	117.8
Public corporations	26.8	35.5	29.2	27.0	27.0	27.8	28.5	28.8	29.5	18.3	62.3
Total	**490.4**	**541.8**	**635.2**	**485.2**	**706.6**	**483.4**	**475.5**	**498.2**	**393.5**	**167.5**	**180.2**
Total amortization	**3,521.6**	**1,183.2**	**1,070.6**	**874.0**	**1,018.3**	**724.2**	**707.7**	**684.5**	**601.9**	**302.9**	**342.7**
Interest:											
Bahamian dollars											
Government	163.8	182.2	164.9	150.6	136.8	126.4	118.0	109.7	101.9	93.5	89.2
Public corporations	38.8	39.7	32.4	28.2	23.0	18.7	16.0	14.1	13.1	11.4	10.2
Total	**202.6**	**221.9**	**197.4**	**178.8**	**159.7**	**145.1**	**134.0**	**123.8**	**114.9**	**104.9**	**99.4**
Foreign currency											
Government	317.2	327.3	306.0	233.5	208.1	167.9	133.1	102.6	53.2	39.8	33.5
Public corporations	16.2	19.1	16.6	14.9	13.3	11.7	10.0	8.3	6.5	5.1	4.2
Total	333.5	346.4	322.5	248.4	221.4	179.6	143.1	110.9	59.8	44.9	37.7
Total interest	**536.1**	**568.3**	**519.9**	**427.2**	**381.1**	**324.7**	**277.0**	**234.7**	**174.7**	**149.8**	**137.1**
Total Debt Service:											

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Bahamian dollars											
Government........	2,911.9	678.2	522.0	448.7	371.2	316.7	310.0	271.9	291.7	191.3	129.2
Public corporations	321.8	185.1	110.7	118.9	100.2	69.1	56.1	38.1	31.7	48.9	132.7
Total	3,233.7	863.3	632.8	567.6	471.4	385.9	366.1	310.0	323.4	240.2	261.9
Foreign currency											
Government	780.8	833.6	912.0	691.6	887.8	623.5	580.1	572.0	417.2	189.0	151.4
Public corporations	43.1	54.6	45.7	41.9	40.3	39.5	38.5	37.1	36.0	23.4	66.5
Total	823.9	888.2	957.7	733.5	928.0	663.0	618.6	609.1	453.3	212.4	217.9
Total debt service	**4,057.6**	**1,751.5**	**1,590.5**	**1,301.1**	**1,399.4**	**1,048.9**	**984.7**	**919.2**	**776.6**	**452.7**	**479.8**

Source: Central Bank of The Bahamas Quarterly Statistical Digest, May 2025.
Note: The table above does not give effect to issuance of the notes offered hereby. The table includes forecasted interest and amortization for committed undisbursed balances of existing facilities.
*Includes $1,435.2 million in T-bills and $5.5 million in T-Notes, which are rolled over every 30, 91/90 and 182/180 days, and $291.0 million in 90-day Central Bank advances.

DESCRIPTION OF THE NOTES

The notes will be issued under a Fiscal Agency Agreement, to be dated as of June 24, 2025, among the Government and The Bank of New York Mellon, as Fiscal Agent, or the "Fiscal Agent," which term includes any successor as Fiscal Agent under the Fiscal Agency Agreement (the "Fiscal Agency Agreement"). A copy of the Fiscal Agency Agreement is available for inspection with prior written notice during normal business hours at the office of the Fiscal Agent or any paying agent, collectively the "Paying Agents," with respect to the notes.

The following descriptions of certain provisions of the notes and the Fiscal Agency Agreement are subject to, and are qualified in their entirety by reference to, the terms and conditions of the notes and the Fiscal Agency Agreement, including the definitions therein of certain terms.

General

The notes will initially be issued in an aggregate principal amount of $1,067,000,000, will bear interest from June 24, 2025 at a rate per annum of 8.250% and will mature at par on June 24, 2036. The Government will pay the principal amount of the notes in three equal installments on June 24, 2034, June 24, 2035, and at maturity on June 24, 2036. Interest on the notes will be payable semiannually in arrears in equal installments on June 24 and December 24 of each year (each such date, a "Payment Date"), commencing on December 24, 2025 to the persons in whose names the notes are registered at the close of business 15 days preceding the relevant Payment Date, whether or not such day is a Business Day. Interest on the notes will be calculated using a 360-day year of twelve 30-day months.

The Government may replace the Fiscal Agent at any time with prior written notice, subject to the appointment of a replacement fiscal agent. If a replacement fiscal agent is appointed, the Government will, if and for so long as the notes are listed on the Luxembourg Stock Exchange, publish a notice regarding such appointment in a leading newspaper having general circulation in Luxembourg. The Fiscal Agent is not a trustee for the holders of the notes and does not have the same responsibilities or duties to act for such holders as would a trustee. The Government may maintain deposit accounts and conduct other banking transactions in the ordinary course of business with the Fiscal Agent.

The Government will maintain a principal paying agent, a transfer agent and a registrar in New York City and, if and for so long as the notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange require, in Luxembourg. The Government may replace a paying agent at any time, subject to the appointment of a replacement paying agent. If a replacement paying agent is appointed, the Government will, if and for so long as the notes are listed on the Luxembourg Stock Exchange, publish a notice regarding such appointment in a leading newspaper having general circulation in Luxembourg.

The notes may be transferred or exchanged at the offices or agencies maintained by the Government for such purpose (which initially will be the office of the Fiscal Agent specified on the inside back cover page of this offering memorandum).

Status of the Notes

The notes will be direct, general, unsecured, unsubordinated and unconditional obligations of the Government and will rank *pari passu*, without any preference or priority of payment, among themselves and with all other present and future unsecured and unsubordinated Indebtedness (as defined under "—Negative Pledge" below) of the Government; it being understood that this provision shall not be construed so as to require the Government to make payments under the notes ratably with payments being made under any other indebtedness. The Government has pledged its full faith and credit for the due and punctual payment of all amounts due in respect of the notes.

Form, Denomination, Book-Entry Procedures and Transfer

The notes have not been registered under the Securities Act and are being offered only to qualified institutional buyers (as defined in Rule 144A) in the United States in transactions exempt from the registration requirements of the Securities Act and to persons outside the United States in reliance on Regulation S. As a result, the notes will be subject to restrictions on transferability and resale. For more information, see "Notice to Investors." The notes will be issued only in fully registered form, without interest coupons. The notes will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Global Bonds

The notes will initially be issued in the form of two registered notes in global form, as follows:

- notes sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act will be represented by a Global Note, the Restricted 144A Global Note; and

- notes sold in offshore transactions to non-U.S. persons in reliance on Regulation S will be represented by a Global Note, the Regulation S Global Note.

Upon issuance, each of the Global Notes will be deposited with the Fiscal Agent as custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each Global Note will be limited to persons who have accounts with DTC, the DTC participants, or persons who hold interests through DTC participants. The Government expects that under procedures established by DTC:

- upon deposit of each Global Note with DTC's custodian, DTC will credit portions of the principal amount of the Global Note to the accounts of DTC participants designated by the initial purchasers; and

- ownership of beneficial interests in each Global Note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in each Global Note).

Beneficial interests in the Regulation S Global Note will initially be credited within DTC to Euroclear and Clearstream Banking on behalf of the owners of such interests. Investors purchasing notes in this offering may hold their interests in the Regulation S Global Note directly through Euroclear or Clearstream Banking, if they are participants in those systems, or indirectly through organizations that are participants in those systems; however, upon issuance of the notes, the Government intends to settle by delivering interests in the Regulation S Global Note solely through Euroclear or Clearstream Banking. Each of Euroclear and Clearstream Banking will appoint a DTC participant to act as its depositary for the interests in the Regulation S Global Note that are held within DTC for the account of each of these settlement systems on behalf of its respective participants.

The laws of some states of the United States require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons may be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants and certain banks, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests. For certain other restrictions on the transferability of the notes see "—Exchanges between the Global Notes."

Beneficial interests in the Global Notes may not be exchanged for notes in physical certificated form except in the limited circumstances described below.

Each Global Note and beneficial interests in each Global Note will be subject to restrictions on transfer as described under "Notice to Investors."

The information in this section concerning DTC, Euroclear, and Clearstream Banking and their book-entry systems has been obtained from sources that the Government believes to be reliable, and the Government makes no representation or warranty with respect thereto.

Neither the Fiscal Agent, transfer agent nor registrar shall have any obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer or exchange imposed under the Fiscal Agency Agreement or under applicable law with respect to any transfer or exchange of any note (including any transfers between or among participants or other beneficial owners of interests in any global note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by the terms of the Fiscal Agency Agreement and to examine the same to determine substantial compliance as to form with the express requirements thereof.

Exchanges between the Global Notes

Beneficial interests in a Regulation S Global Note may be exchanged for beneficial interests in a Restricted 144A Global Note only if such exchange occurs in connection with a transfer of the note pursuant to Rule 144A and the transferor first delivers to the Fiscal Agent a written certificate (in the form provided in the Fiscal Agency Agreement) to the effect that such notes are being transferred to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act, purchasing for its own account or the account of one or more qualified institutional buyers in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Restricted 144A Global Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note only if the transferor first delivers to the Fiscal Agent a written certificate (in the form provided in the Fiscal Agency Agreement) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available).

Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest.

Book-Entry Procedures for the Global Notes

All interests in the Global Notes will be subject to the operations and procedures of DTC, Euroclear, and Clearstream Banking. The Government provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Government nor the initial purchasers are responsible for those operations or procedures.

DTC has advised that it is:

- a limited purpose trust company organized under the laws of the State of New York;

- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the U.S. Federal Reserve System;
- a "clearing corporation" within the meaning of the Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the U.S. Securities Exchange Act of 1934, as amended, or the "Exchange Act."

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers, banks and trust companies, clearing corporations, and other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers, and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC's nominee is the registered owner of a Global Note, that nominee will be considered the sole owner or holder of the notes represented by that Global Note for all purposes under the Fiscal Agency Agreement. Except as provided below, owners of beneficial interests in a Global Note:

- will not be entitled to have notes represented by the Global Note registered in their names;
- will not receive or be entitled to receive physical, certificated notes; and
- will not be considered the owners or holders of the notes under the Fiscal Agency Agreement for any purpose, including with respect to the giving of any direction, instruction, or approval to the Fiscal Agent under the Fiscal Agency Agreement.

As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a holder of notes under the Fiscal Agency Agreement (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest in the notes).

Payments of principal and interest with respect to the notes represented by a Global Note will be made by the Fiscal Agent to DTC's nominee as the registered holder of the Global Note. Neither the Government nor the Fiscal Agent will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream Banking will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and participants in Euroclear or Clearstream Banking, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream Banking. To deliver or receive an interest in a Global Note held in a Euroclear or Clearstream Banking account, an investor must send transfer instructions to Euroclear or Clearstream

Banking, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream Banking, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream Banking participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream Banking.

Because of time zone differences, the securities account of a Euroclear or Clearstream Banking participant that purchases an interest in a Global Note from a DTC participant will be credited on the business day for Euroclear or Clearstream Banking immediately following the DTC settlement date. Cash received in Euroclear or Clearstream Banking from the sale of an interest in a Global Note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream Banking cash account as of the business day for Euroclear or Clearstream Banking following the DTC settlement date.

DTC, Euroclear, and Clearstream Banking have agreed to the above procedures to facilitate transfers of interests in the Global Notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither the Government nor the Fiscal Agent will have any responsibility for the performance by DTC, Euroclear, or Clearstream Banking or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related notes only if:

- DTC notifies the Government at any time that it is unwilling or unable to continue as depositary for the Global Notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a "clearing agency" under the Exchange Act and a successor depositary is not appointed within 90 days;
- the Government, at its option, notifies the Fiscal Agent that it elects to cause the issuance of certificated notes; or
- an Event of Default (as defined under "—Events of Default; Acceleration of Maturity" below) shall have occurred and be continuing with respect to such notes.

Payments

All payments on the notes will be made in immediately available funds in such coin or currency of the United States of America as of the time of payment shall be legal tender for the payment therein of public and private debts.

Payments of the principal of, interest on and Additional Amounts (as defined under "—Additional Amounts") on or in respect of any Global Note will be made to DTC, in accordance with DTC procedures, or to its nominee (or any successor thereto) as the registered owner thereof. None of the Government, the Fiscal Agent or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Payments of interest in respect of each note will be made by the Paying Agents by wire transfer in immediately available funds to an account maintained by such holder at a bank located in New York or in Europe as may have been appropriately designated by such person to the Fiscal Agent in writing not later than 15 days prior to the relevant Payment Date (or such other date as the Fiscal Agent may accept). Unless such designation is revoked, any such designation made by such person with respect to such notes will remain in effect with respect to any future payments with respect to such notes payable to such person.

Any payment of principal or interest required to be made on a Payment Date which is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on such Payment Date, and no interest shall accrue with respect to such payment for the period from and after such Payment Date. As used herein, the term "Business Day" means any day, other than a Saturday or Sunday, on which banks in New York City (and, in the case of any certificated note, in the place of presentment thereof in accordance with the terms of such note) are not required or authorized by law or executive order to be closed.

All payments are subject in all cases to any applicable tax or other laws and regulations, but without prejudice to the provisions of "—Additional Amounts." No commissions or expenses shall be charged to the note holders in respect of such payments.

Subject to applicable law, any monies held by the Fiscal Agent for the payment of principal or interest on the notes that remains unclaimed for two years after such amount shall have become due and payable shall be returned to the Government, and holders entitled to such monies shall thereafter look only to the Government for any payment to which such holders may be entitled. Claims against the Government for the payment of principal and interest in respect of the notes shall become void unless presentation for payment is made within a period of ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined under "—Additional Amounts"), to the extent permitted by applicable law.

If a note becomes mutilated, defaced, destroyed, lost, or stolen, the Government may issue, and the Fiscal Agent will authenticate and deliver, a substitute note. In each case, the applicant for a substitute note will be required to furnish to the Government and to the Fiscal Agent (or to any Paying Agent at whose offices the applicant presents the notes for exchange) an indemnity under which it will agree to pay the Government, the Fiscal Agent and any other agent for any losses they may suffer relating to the note that was mutilated, defaced, destroyed, lost or stolen. The Government and the Fiscal Agent may also require that the applicant present other documents or proof. The applicant will be required to pay all expenses and reasonable charges associated with the replacement of the mutilated, defaced, destroyed, lost or stolen note.

Further Issuances

The Government may from time to time, without the consent of note holders, create and issue further notes having the same terms and conditions as the notes in all respects, except for issue date, issue price and the first payment of interest thereon. Additional notes issued in this manner will be consolidated with and will form a single series with the previously outstanding notes, except that if such additional notes are not fungible with the notes for U.S. federal income tax purposes, such additional notes will be assigned a separate CUSIP and/or ISIN number.

Optional Redemption

Prior to March 24, 2036 (three months prior to the maturity date of the notes (the "par call date")), the notes will be redeemable, at any time and from time to time, at the option of the Government, in whole or in part, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) 100% of the principal amount of the notes to be redeemed, and

(2) (a) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed discounted to the redemption date (assuming the notes matured on the par call date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points less (b) interest accrued to the date of redemption,

plus, in either case, accrued and unpaid interest thereon to, but excluding, the redemption date.

At any time on or after the par call date, the notes will be redeemable at any time at the option of the Government, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest thereon, to, but excluding, the redemption date.

Notwithstanding the foregoing, interest will be payable to holders of the notes on the regular record date applicable to an interest payment date falling on or before a redemption date.

The following definitions will apply with respect to the foregoing:

"Treasury Rate" means, with respect to any redemption date, the yield determined by the Government in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Government after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the date of the notice of redemption based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities-Treasury constant maturities-Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Government shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the par call date (the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields - one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life - and shall interpolate to the par call date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

The Government's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

If on the third business day preceding the date of the notice of redemption H.15 TCM is no longer published, the Government shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding the date of the notice of redemption of the United States Treasury security maturing on, or with a maturity that is closest to, the par call date, as applicable. If there is no United States Treasury security maturing on the par call date but there are two or more United States Treasury securities with a maturity date equally distant from the par call date, one with a maturity date preceding the par call date and one with a maturity date following the par call date, the Government shall select the United States Treasury security with a maturity date preceding the par call date. If there are two or more United States Treasury securities maturing on the par call date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Government shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

Notice of any redemption will be mailed by first-class mail, postage prepaid, or delivered in accordance with the procedures of the applicable depositary, at least 10 but not more than 60 days before the redemption date to holders of notes to be redeemed at their respective registered addresses. For so long as the notes are listed on the official list of the Luxembourg Stock Exchange for trading on the Euro MTF Market and the rules of such exchange require, the Government will also cause notices of redemption to be published as described under "—Notices" below. The notes, when called for redemption as specified herein, will become due on the date fixed for redemption. The Government will pay the redemption price for the notes together with accrued and unpaid interest thereon through the redemption date. On and after the redemption date, interest will cease to accrue on the notes so long as the Government has deposited with the Fiscal Agent or appropriate Paying Agent funds in satisfaction of the applicable redemption price pursuant to the Fiscal Agency Agreement. Upon redemption of the notes by the Government, the notes will be cancelled.

In the event that fewer than all of the notes are to be redeemed at any time, selection of notes for redemption will be made, in the case of certificated notes, on a pro rata basis, by lot or by other method as acceptable to the Government in compliance with the requirements of the principal national securities exchange, if any, on which notes are listed, or in the case of global notes, by such other method as acceptable by DTC, although in either case no notes of U.S.$200,000 in original principal amount or less will be redeemed in part.

Open Market Purchases

The Government may at any time purchase any of the notes in any manner for any consideration. If purchases are made by tender, tenders must be available to all holders of notes alike. Any notes that are so purchased by the Government will be cancelled and may not be reissued or resold.

Covenants

So long as any note remains outstanding or any amount payable under the Fiscal Agency Agreement remains unpaid, the Government will:

(i) notify the Fiscal Agent in writing promptly upon becoming aware of the occurrence of any event which is, or after notice or passage of time or both would be, an Event of Default;

(ii) ensure that its obligations under the notes will at all times constitute direct, general, unsecured and unconditional obligations of the Government ranking *pari passu* without any preference or priority of payment, among themselves and with all other present and future unsecured and unsubordinated Indebtedness of the Government, it being understood that this provision shall not be construed so as to require the Government to make payments under the notes ratably with payments being made under any other indebtedness;

(iii) give prompt notice to the Fiscal Agent of any future appointment or any resignation or removal of any Paying Agent or of any change by any Paying Agent of any of its specified offices;

(iv) maintain its membership in, and its eligibility to use the general resources of, the IMF; and

(v) ensure that the Central Bank of the Commonwealth of The Bahamas makes available to the Government sufficient U.S. dollars to enable the Government to perform its payment obligations under the notes and the Fiscal Agency Agreement.

Negative Pledge

So long as any note remains outstanding, the Government will not create or permit to exist any Security Interest (as defined below) in any of its present or future revenues or assets to secure Public External Indebtedness (as defined below) of the Government, unless the notes are secured equally and ratably with such Public External Indebtedness or the notes have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by the holders of the notes as provided under "—Meetings of Note Holders, Modification and Waiver;" *provided*, *however*, that the Government may create or permit to exist:

(i) Security Interests existing on the date of the Fiscal Agency Agreement securing Public External Indebtedness incurred or assumed by the Government;

(ii) Security interests securing Public External Indebtedness incurred or assumed by the Government in connection with a Project Financing (as defined below), provided that (a) the holders of such Public External Indebtedness agree to limit their recourse to the assets and revenues of such project as the principal source of repayment of such Public External Indebtedness (subject to normal nonrecourse carve-outs) and (b) the property over which such Security Interest is granted consists solely of such assets and revenues or claims that arise from the operation, failure to meet specifications, failure to complete, exploitation, sale or loss of, or damage to, such assets;

(iii) Security Interests securing Public External Indebtedness incurred or assumed by the Government to finance the acquisition of the assets or property in which such Security Interest has been created or permitted to exist (including any Security Interests that exist on such acquired assets or property on the date of acquisition of such assets or property), provided that such Security Interests shall not encumber any other assets or property of the Government;

(iv) Security Interests existing on any asset or related revenues at the time of its acquisition by the Government;

(v) Security Interests extending, renewing or replacing in whole or in part any Security Interest permitted by clause (i), (ii), (iii) or (iv) above; *provided, however*, that (a) such Security Interests do not extend beyond the assets, revenues or property subject to the then existing Security Interest, and (b) the Public External Indebtedness secured by such Security Interests may not exceed the Public External Indebtedness secured at the time by the then existing Security Interest; and

(vi) Security Interests securing Public External Indebtedness (excluding Public External Indebtedness permitted by clauses (i) through (v) above) which does not have an aggregate principal amount in excess of U.S.$25,000,000 (or its equivalent in any other currency).

For purposes of this covenant and of "—Events of Default; Acceleration of Maturity" below, the following terms have the meanings specified below:

"External Indebtedness" means Indebtedness which is payable (or may be paid) (A) in a currency or by reference to a currency other than the currency of the Government and (B) to a person resident or having its principal place of business outside the Bahamas.

"Indebtedness" means any present or future indebtedness for borrowed money (including, without limitation, any loans, bonds, notes or other securities), or any guarantee thereof.

"Project Financing" means any financing of all or part of the costs of the acquisition, construction or development of any project in which the person or persons providing such financing expressly agree to limit their recourse to the project financed.

"Public External Indebtedness" means any External Indebtedness of the Government which is in the form of, or represented by, bonds, notes or other securities which are for the time being or are capable of being or are intended to be quoted, listed or ordinarily dealt on any stock exchange, automated trading system or over-the-counter or other securities market.

"Security Interest" means any mortgage, charge, lien, deed of trust, pledge, security interest, other encumbrance or preferential arrangement which has the practical effect of constituting a security interest with respect to the payment of any present or future obligations with or from the proceeds of any assets or revenues of any kind.

Additional Amounts

Payments in respect of the notes are not currently subject to withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature, or "Taxes," in the Commonwealth of The Bahamas. See "Taxation." In the event that any payments in respect of the notes become subject to withholding or deduction for taxes imposed by the Commonwealth of The Bahamas or any political subdivision or taxing authority thereof or therein, the Government will pay such additional amounts, or "Additional Amounts," as will result in receipt by the holders of notes of such amounts as would have been received by them had no such withholding or deduction been required; *provided* that no such Additional Amounts shall be payable with respect to any note to or on behalf of a holder or beneficial owner who is liable for Taxes in respect of such note (i) by reason of such holder or beneficial owner having some connection with the Commonwealth of The Bahamas other than the mere holding of such note or the receipt of principal or interest or the enforcement of rights, in respect thereof, (ii) by reason of the failure of such holder to comply with any certification, identification or other reporting requirement, if such holder is legally able to comply, concerning the nationality, residence, identity or connection with the Commonwealth of The Bahamas, or any political subdivision or taxing authority thereof or therein, of the holder or beneficial owner of a note or any interest therein or rights in respect thereof, if (a) compliance is required by the Commonwealth of The Bahamas, or any political subdivision or taxing authority thereof or therein, as a precondition to exemption from such withholding or deduction, (b) at least 30 days prior to the first Payment Date with respect to which such requirements shall apply, the Government shall have notified all holders of notes that such holders will be required to comply with such requirements and (c) such requirements are not materially more onerous to such holders (in form, in procedure or in the substance of information disclosed) than comparable information or other reporting requirements imposed under U.S. federal tax law, regulation and administration practice (such as Internal Revenue Service Forms W-8BEN, W-8BEN-E, W-8ECI, W-8IMY and W-9) or (iii) by reason of the failure of such holder to present such holder's note for payment (where such presentation is required) within 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for and notice thereof is given to the holder, whichever occurs later, or the "Relevant Date," except to the extent that the holder thereof would have been entitled to Additional Amounts in presenting the note for payment on any date during such 30-day period.

The Government will furnish documentation evidencing the payment of any Taxes to the Fiscal Agent or the holders of the notes or beneficial owners of the notes upon request.

No Additional Amounts shall be payable in respect of any note to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent the beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to receive payment of the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the holder of such note.

Any reference herein, in the Fiscal Agency Agreement or in any note to principal and interest shall be deemed to refer to any Additional Amounts which may be payable under the undertakings referred to in this section "—Additional Amounts."

Except as provided above, the Government shall not be required to pay any Additional Amounts (or make any other payment) with respect to Taxes of whatever nature imposed or levied by any government or political subdivision or taxing authority thereof or therein.

The Government will pay any present or future stamp, court, issue or documentary taxes or any other excise or property taxes, charges or similar levies which arise in the Commonwealth of The Bahamas or any political subdivision thereof or taxing authority thereof or therein in respect of the creation, issue, execution, delivery, registration or making of payments in respect to the notes or any other document or instrument referred to therein. The Government will also indemnify the holders of the notes from and against any stamp, court, issue or documentary taxes or any other excise or property taxes, charges or similar levies resulting from, or required to be paid by any of them in any jurisdiction in connection with, the enforcement of the obligations of the Government under the notes or any other document or instrument referred to therein following the occurrence of any Event of Default (as defined below).

Events of Default; Acceleration of Maturity

If one or more of the following events with respect to the notes (herein referred to as "Events of Default") shall have occurred and be continuing:

(i) the Government fails to pay any principal, interest or Additional Amounts on the notes when due, and such failure to pay shall continue for a period of 30 days;

(ii) the Government fails to perform any other obligation contained in the notes which failure is materially prejudicial to the interests of the holders of the notes, and such failure shall continue for a period of 60 days after written notice requiring the same to be remedied shall have been given to the Government by the Fiscal Agent or the holder of any note;

(iii) Public External Indebtedness of the Government having an aggregate principal amount in excess of U.S.$25,000,000 (or its equivalent in any other currency) is accelerated by reason of any event of default (however described);

(iv) the Government fails to make any payment in respect of Public External Indebtedness of the Government in an aggregate principal amount in excess of U.S.$25,000,000 (or its equivalent in any other currency) when due (as such date may be extended as a result of any applicable grace period or waiver);

(v) any writ, execution, attachment or similar process is levied, after the date hereof, against all or any substantial part of the assets of the Government in connection with any judgment for the payment of money exceeding U.S.$25,000,000 (or its equivalent in other currencies) and remains unsatisfied, undischarged and in effect for a period of 60 days without a stay of execution, unless such judgment is adequately bonded or is being contested in good faith by appropriate proceedings properly initiated and diligently conducted and, in either case, such process is not executed against such assets;

(vi) the Government declares a general moratorium with respect to any payment of any Public External Indebtedness of the Government which does not expressly exclude the notes;

(vii) the Government shall deny, contest, or repudiate any of its obligations under the notes;

(viii) it becomes unlawful for the Government to (a) pay any amounts under the notes or (b) perform or comply with any one or more material obligations under the notes or the Fiscal Agency Agreement; or

(ix) failure by the Government to maintain its membership in, and its eligibility to use the general resources of, the IMF, and such failure continues for a period of 60 days;

then the Fiscal Agent, at the written request of holders of not less than 25% in principal amount of the notes outstanding, shall, by written notice to the Government, declare all the notes then outstanding to be immediately due and payable, and upon any such declaration the same shall become and shall be immediately due and payable upon the date that such written notice is received by the Government, unless prior to such date the Event of Default or Events of Default giving rise to such declaration shall have been cured or waived. If such Event of Default or Events of Default giving rise to any such declaration of acceleration shall be cured following such declaration, such declaration may be rescinded by the holders of a majority in aggregate principal amount of the notes then outstanding in accordance with the procedures described in "—Meetings of Note Holders; Modification and Waiver" below. However, no such rescission shall extend to or shall affect any subsequent default or shall impair any right consequent thereon. The Fiscal Agent shall not be deemed to have knowledge or notice of the occurrence of any default or event of default, unless a responsible trust officer of the Fiscal Agent shall have received written notice from the Government or a holder describing such default or event of default, and stating that such notice is a notice of default.

Meetings of Note Holders; Modification and Waiver

A meeting of holders of the notes may be called, as set forth below, at any time and from time to time to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Fiscal Agency Agreement or the notes to be made, given or taken by holders of notes or to modify, amend or supplement the terms of the notes or the Fiscal Agency Agreement as hereinafter provided. The Fiscal Agent at the request of the Government may at any time call a meeting of holders of the notes for any such purpose to be held at such time and at such place in New York County, State of New York, as the Fiscal Agent at the request of the Government shall determine. Notice of every such meeting, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given as provided in the terms of the notes, not less than 30 nor more than 60 days prior to the date fixed for the meeting. If at any time the holders of at least 10% in aggregate principal amount of the outstanding (as defined in the Fiscal Agency Agreement) notes shall have requested the Fiscal Agent to call a meeting of the holders of the notes for any such purpose, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, the Fiscal Agent shall call such meeting for such purposes by giving notice thereof.

To be entitled to vote at any meeting of holders of notes, a person shall be a holder of outstanding notes or a person duly appointed by an instrument in writing as proxy for such a holder. Except as set forth below, the holders or proxies representing a majority in principal amount of the outstanding notes shall constitute a quorum. At the reconvening of any meeting adjourned for a lack of a quorum, the holders or proxies representing 25% of the aggregate principal amount of the outstanding notes will constitute a quorum for the taking of any action set forth in the notice of the original meeting. For purposes of a meeting of holders of notes that proposes to discuss the "reserved matters," which are specified below, the holders or proxies representing 75% of the aggregate principal amount of the outstanding notes will constitute a quorum. The Fiscal Agent may make such reasonable and customary regulations consistent with the Fiscal Agency Agreement as it shall deem advisable for any meeting of holders of notes with respect to, among other things, the proof of the appointment of proxies in respect of holders of notes, the adjournment and chairmanship of such meeting, the appointment and duties of inspectors of votes, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate.

The Government and the Fiscal Agent (subject to the terms of the Fiscal Agency Agreement) may, upon agreement between themselves, without the vote or consent of any holder of notes, modify, amend or supplement the Fiscal Agency Agreement or the notes for the purpose of (i) adding to the covenants of the Government for the benefit of the holders of notes, (ii) surrendering any right or power conferred upon the Government, (iii) securing the notes pursuant to the requirements of the Fiscal Agency Agreement or otherwise, (iv) curing any ambiguity, or curing, correcting or supplementing any defective provision contained in the Fiscal Agency Agreement or in the notes, (v) amending the Fiscal Agency Agreement or the notes in any manner which the Government may determine and which shall not adversely affect the interest of any holder of notes in any material respect or (vi) correcting a manifest error of a formal, minor or technical nature.

With (i) the affirmative vote, in person or by proxy thereunto duly authorized in writing, of the holders of more than 50% in aggregate principal amount of the outstanding notes that are represented at a meeting duly called and held as specified above, or (ii) the written consent of the holders of more than 50% in aggregate principal amount of the outstanding notes, the Government and the Fiscal Agent may, upon agreement between themselves, modify, amend or supplement the terms of the notes or, insofar as it affects the notes, the Fiscal Agency Agreement, in any way, and such holders may make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Fiscal Agency Agreement or the relevant notes to be made, given or taken by holders of the notes; provided, however, that any such action to be effected pursuant to clause (i) above must be approved by the holders of not less than 25% of the aggregate principal amount of notes then outstanding.

However, holders of any series of debt securities issued by the Government (including the notes) must approve, by vote or consent through one of the three modification methods described below, any modification, amendment, supplement or waiver proposed by the Government that would do any of the following ((a)-(j) referred to herein as "reserved matters"):

(a) change the due date for the payment of the principal of, or any installment of interest on, any note;

(b) reduce the principal amount of any note, or the portion of such principal amount which is payable upon acceleration of the maturity of such note or the interest rate thereon;

(c) change the coin or currency in which, or the required place at which, payment with respect to interest or principal in respect of the note is payable;

(d) reduce the proportion of the principal amount of the notes the vote or consent of the holders of which is necessary to modify, amend or supplement the Fiscal Agency Agreement or the terms and conditions of the notes or to make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided hereby or thereby to be made, taken or given;

(e) change the obligation of the Government to pay Additional Amounts;

(f) change the governing law provisions of the notes;

(g) change the courts to the jurisdiction of which the Government has submitted;

(h) change the Government's obligation to appoint and maintain an agent for service of process;

(i) change the Government's waiver ofimmunity in respect of actions or proceedings brought by any holder based upon the notes; or

(j) reduce the percentage in principal amount of outstanding notes that constitutes the quorum required at any meeting of holders of notes at which a resolution is adopted.

A change to a reserved matter, including the payment terms of any series of debt securities (including the notes), can be made without noteholders' consent, as long as the change is approved, pursuant to one of the three following modification methods, by vote or consent by:

(i) the holders of more than 75% of the aggregate principal amount of the outstanding notes insofar as the change affects the notes (but does not modify the terms of any other debt securities);

(ii) where such proposed modification would affect the outstanding notes and at least one other series of debt securities that constitutes Outstanding Debt Securities (as defined below), the holders of more than 75% of the aggregate principal amount of the then outstanding notes and all of the series of Outstanding Debt Securities affected by the proposed modification, taken in the aggregate, if certain "uniformly applicable" requirements are met (defined in the Fiscal Agency Agreement as "cross-series modification with single aggregated voting"); or

(iii) where such proposed modification would affect the outstanding notes and at least one other series of debt securities that constitute Outstanding Debt Securities, whether or not the "uniformly applicable" requirements are met, the holders of more than 66⅔% of the aggregate principal amount of the then outstanding notes and the Outstanding Debt Securities of the series affected by the proposed modification, taken in the aggregate, and the holders of more than 50% of the aggregate principal amount of each of the outstanding notes and the Outstanding Debt Securities of each series affected by the modification, taken per individual series.

"Uniformly applicable," as used herein, means a modification by which holders of debt securities of all series affected by that modification are invited to exchange, convert or substitute their debt securities on the same terms for (x) the same new instruments or other consideration or (y) new instruments or other consideration from an identical menu of instruments or other consideration. It is understood that a modification will not be considered to be uniformly applicable if each exchanging, converting or substituting holder of debt securities of any series affected by that modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of debt securities of any series affected by that modification (or, where a menu of instruments or other consideration is offered, each exchanging, converting or substituting holder of debt securities of any series affected by that modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of debt securities of any series affected by that modification electing the same option under such menu of instruments).

Any modification consented to or approved by the holders of debt securities pursuant to the above provisions will be conclusive and binding on all holders of the notes and, subject in each case to the terms of the applicable Outstanding Debt Agreements as described below, on all holders of the relevant series of debt securities or all holders of all series of debt securities affected by a cross-series modification, as the case may be, whether or not they have given such consent, and on all future holders of those debt securities whether or not notation of such modification is made upon the debt securities. Any instrument given by or on behalf of any holder of a debt security in connection with any consent to or approval of any such modification will be conclusive and binding on all subsequent holders of that debt security.

The Government may select, in its discretion, any modification method for a reserved matter modification in accordance with the Fiscal Agency Agreement and may designate which series of debt securities will be included for approval in the aggregate of modifications affecting two or more series of debt securities. Any selection of a modification method or designation of series to be included will be final for the purpose of that vote or consent solicitation.

For so long as any debt securities (collectively, the "Outstanding Debt Securities") issued under the fiscal agency agreement dated as of October 15, 2020 between the Government and The Bank of New York Mellon, as Fiscal Agent, and any series of debt securities constituting Public External Indebtedness issued by the Government on or after the date of this offering memorandum pursuant to a fiscal agency or other agreement or an indenture containing amendment, modification and waiver provisions substantially the same as those set forth herein (each, an "Outstanding Debt Agreement") is outstanding, if the Government certifies to the Fiscal Agent and to the fiscal agent or trustee under the relevant Outstanding Debt Agreement that a cross-series modification is being sought simultaneously with a "Outstanding Debt Agreement reserved matter modification," the Outstanding Debt Securities affected by such Outstanding Debt Agreement reserved matter modification shall be treated as a "series of Outstanding Debt Securities affected by that proposed modification" as that phrase is used in the Fiscal Agency Agreement; provided, that if the Government seeks a cross-series modification with single aggregated voting, in determining whether such modification will be considered uniformly applicable, the holders of any series of Outstanding Debt Securities affected by the Outstanding Debt Agreement reserved matter modification shall be deemed "holders of debt securities of all series affected by that modification," for the purpose of the uniformly applicable definition. It is the intention that in such circumstances, the votes of the holders of the affected Outstanding Debt Securities be counted for purposes of the voting thresholds specified in the fiscal agency agreement or indenture for the applicable cross-series modification as though those Outstanding Debt Securities had been affected by that cross-series modification although the effectiveness of any modification, as it relates to the Outstanding Debt Securities, shall be governed exclusively by the terms and conditions of those Outstanding Debt Securities and by the applicable Outstanding Debt Agreement; provided, however, that no such modification as to the notes will be effective unless such modification shall have also been adopted by the holders of the Outstanding Debt Securities pursuant to the amendment and modification provisions of the applicable Outstanding Debt Securities set forth in the applicable Outstanding Debt Agreement.

"Outstanding Debt Agreement reserved matter modification," as used herein, means any modification to a reserved matter affecting the terms and conditions of one or more series of Outstanding Debt Securities, pursuant to the applicable Outstanding Debt Agreement.

For purposes of determining whether the holders of the requisite principal amount of outstanding notes has approved any amendment, modification or change to, or waiver of, the notes or the Fiscal Agency Agreement, or whether of the holders of the requisite principal amount of outstanding notes has delivered a notice of acceleration of the notes, notes owned, directly or indirectly, by the Government or any public sector instrumentality of the Government will be disregarded and deemed not to be outstanding, except that (x) notes held by the Government or any public sector instrumentality of the Government which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Fiscal Agent the pledgee's right so to act with respect to such notes and that the pledgee is not the Government or a public sector instrumentality of the Government, and in case of a dispute concerning such right, the advice of counsel shall be full protection in respect of any decision made by the Fiscal Agent in accordance with such advice and any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters or information which is in the possession of the Fiscal Agent, upon the certificate, statement or opinion of or representations by the Fiscal Agent; and (y) in determining whether the Fiscal Agent shall be protected in relying upon any amendment, modification, change or waiver, or any notice from holders, only notes that the Fiscal Agent knows to be so owned shall be so disregarded. As used in this paragraph, "public sector instrumentality" means any department, ministry or agency of the Government or any corporation, trust, financial institution, or other entity controlled by the Government or any of the foregoing, and "control" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other legal entity.

For any matter or amendment for which the consent of the holders of the notes is required, the Government may solicit the consent of the holders of the notes to such matter or modification not less than 10 and no more than

30 days before the expiration date for the receipt of such consents as specified by the Government. Before soliciting any consent or vote of any holder of the notes for any change to a reserved matter, the Government will provide the following information to the Fiscal Agent for distribution to the holders of notes affected by the proposed modification:

- a description of the Commonwealth of The Bahamas' economic and financial circumstances that are in the Government's opinion relevant to the request for the proposed modification, a description of the Commonwealth of The Bahamas' existing debt;
- if the Government shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, (x) a description of any such arrangement or agreement and (y) where permitted under the information disclosure policies of the multilateral or other creditors, as applicable, a copy of the arrangement or agreement;
- a description of the Government's proposed treatment of external debt instruments that are not affected by the proposed modification and its intentions with respect to any other major creditor groups; and
- if the Government is then seeking any reserved matter modification affecting any other series of debt securities, a description of that proposed modification.

Notices

The Government will mail notices to certificated holders of the notes at their registered addresses. The Government will consider any mailed notice to have been given on the date of mailing. Electronic notice will be delivered to registered holders of Global Notes through DTC.

So long as a clearing system, or its nominee, is the registered holder of a global note, each person owning a beneficial interest in that global note must rely on the procedures of that clearing system to receive notices in connection with the notes. Notwithstanding anything herein to the contrary, any notice to a holder of an interest in a global note will be deemed sufficiently given if given to the depositary for such note (or its designee), pursuant to the applicable procedures of such depositary.

If and for so long as the notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, the Government will publish notices to the holders of the notes in a leading newspaper having general circulation in Luxembourg and The Bahamas, or, alternatively, on the website of the Luxembourg Stock Exchange at *https://www.luxse.com/*.

Neither the failure to give notice nor any defect in any notice given to any particular holder of a note shall affect the sufficiency of any notice with respect to any other notes.

Listing

Application will be made to list the notes on the official list of the Luxembourg Stock Exchange and to trade on the Euro MTF Market.

Governing Law, Waiver of Trial by Jury and Submission to Jurisdiction

The Fiscal Agency Agreement and the notes will be governed by, and construed in accordance with, the laws of the State of New York. Each of the Government, the Fiscal Agent and the note holders irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Notes.

The Government will agree that any legal suit, action or proceeding arising out of or relating to the notes may be instituted by the note holders in any U.S. federal or New York state court of competent jurisdiction located in New York County, State of New York, and will waive, to the fullest extent that it may effectively do so under applicable U.S. law, any objection to venue and any right to assert a defense of an inconvenient forum in response to any such legal suit, action or proceeding. Any process or other legal summons in connection with any such action may be served upon the Consul General of the Commonwealth of The Bahamas, at his or her offices at 231 East 46th Street, New York, New York 10017, acting as agent for service of process for The Bahamas. The Government will irrevocably waive and agree not to plead, to the fullest extent that it may effectively do so under applicable law, any immunity (including sovereign immunity) from the jurisdiction of any such federal or New York state court of competent jurisdiction located in the New York County, State of New York, to which it might otherwise be entitled in any such suit, action or proceeding arising out of or based upon the notes, except for immunity from execution and attachment as set forth in Section 19(4) of the Crown Proceedings Act (discussed below). Notwithstanding anything to the contrary, the Government will not consent to service or waive sovereign immunity with respect to actions brought against it under U.S. federal securities laws or any state securities laws. The Government has waived any immunity that it may claim under the Immunities Act, except as set forth above in this paragraph.

The Government will irrevocably waive, to the fullest extent permitted by law, any requirement or other provision of law, rule, regulation or practice, which requires or otherwise establishes as a condition to the institution, prosecution or completion of any action or proceeding (including appeals) arising out of or relating to the notes, the posting of any bond or the furnishing, directly or indirectly, of any other security.

Section 19 of the Crown Proceedings Act provides that, where in any proceedings by or against the Government any order (including an order for costs) is made by any court in The Bahamas in favor of any person against the Government, the proper officer of the court shall, on an application made by or on behalf of that person at any time after the expiration of 21 days from the date of the order or, in the case in which the order provides for the payment of costs and such costs are required to be taxed, at any time after the taxing of costs, whichever is later, issue a certificate to such person, a copy of which may be served upon the Attorney General of The Bahamas. If the order provides for the payment of money or costs, the Minister of Finance of The Bahamas shall pay the amount due to such person or his attorney, together with the interests, if any, lawfully due thereon; provided that the court by which any such order as aforesaid is made or any court to which an appeal against the order lies may direct that, pending an appeal or otherwise, payment of the whole of any amount so payable, or any part thereof, shall be suspended, and if the certificate has not been issued may order such direction to be inserted therein. Subject to this, section 19(4) of the Crown Proceedings Act provides that no execution or attachment or process in the nature thereof shall be issued out of any court in The Bahamas for enforcing payment by the Government of any money or costs, and no person shall be individually liable under any order for the payment by the Government of any money or costs.

Judgments of a foreign court against the Government where the Government has not appeared in the relevant proceedings or has unsuccessfully claimed immunity in such proceedings, may not be enforceable in the courts of The Bahamas on the grounds of public policy.

Judgment Currency

The Government agrees that, if a judgment or order given or made by any court or arbitration tribunal for the payment of any amount in respect of any note is expressed in a currency, or the "judgment currency," other than the currency, or the "denomination currency," in which such note is denominated, the Government will pay any deficiency arising or resulting from any variation in rates of exchange between the date as of which the amount in the denomination currency is notionally converted into the amount in the judgment currency for the purposes of such judgment or order and the business day immediately following the date of actual payment thereof. This obligation will constitute a separate and independent obligation from the other obligations under the notes, will give rise to a separate and independent cause of action, will apply irrespective of any waiver or extension granted from time to time and will continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of amounts due in respect of the relevant note or under any such judgment or order.

Concerning the Fiscal Agent

The Government initially appoints The Bank of New York Mellon as the Fiscal Agent, principal paying agent, a transfer agent and a registrar and Matheson LLP, as the Luxembourg Listing Agent.

The Fiscal Agency Agreement contains provisions relating to the obligations and duties of the Fiscal Agent, to the indemnification of the Fiscal Agent and to the Fiscal Agent's relief from responsibility for actions that it takes. Other than sending a notice of default or an Event of Default to holders, the Fiscal Agent shall have no other duties or responsibilities in connection with a default or an Event of Default and shall not be required to participate in any proceedings or litigation on behalf of the holders or any other third party in connection with a default or an Event of Default. The Fiscal Agent is entitled to enter into business transactions with the Government or any of its affiliates without accounting for any profit resulting from such transactions.

Neither the Fiscal Agent, in any capacity hereunder, nor the Luxembourg Listing Agent have participated in the preparation of this offering memorandum and neither makes any representation or warranty as to the accuracy or validity of the information contained herein.

NOTICE TO INVESTORS

Because of the following restrictions, investors are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the notes.

The notes have not been and will not be registered under the Securities Act or with any securities regulatory authority in any jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except that notes may be offered or sold within the United States to qualified institutional buyers in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Each purchaser of the notes hereunder will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) it represents that it (a) is a qualified institutional buyer, purchasing the notes for its own account or for the account of one or more qualified institutional buyers, and it is aware that the sale to it is being made in reliance on Rule 144A, or (b) is not a U.S. person and is acquiring the notes in an offshore transaction within the meaning of Regulation S;

(ii) it acknowledges that the notes are being offered in transactions not involving any public offering in the United States within the meaning of the Securities Act, and that the notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(iii) unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, it understands and agrees that if in the future it decides to resell, pledge or otherwise transfer the notes or any beneficial interests in the notes, it will do so, prior to the date which is one year after the later of the date of original issue and the last date on which the Government or an affiliate of the Government was the owner of such notes, only (a) to the Government or any affiliate thereof, (b) to a person whom the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act purchasing for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A (c) in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of the states of the United States or any other applicable jurisdiction;

(iv) it agrees to, and each subsequent holder is required to, notify any purchaser of the notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;

(v) it understands and agrees that notes initially offered within the United States to qualified institutional buyers will be represented by one or more Restricted 144A Global Notes and that notes offered outside the United States in reliance on Regulation S will be represented by Regulation S Global Notes;

(vi) it understands that the Restricted 144A Global Notes will bear a legend to the following effect unless otherwise agreed to by the Government:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE ”SECURITIES ACT“), OR WITH

ANY SECURITIES REGULATORY AUTHORITY IN ANY STATE OR OTHER JURISDICTION, AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE NOTES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS, (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE FISCAL AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE DATE OF ORIGINAL ISSUE AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH NOTES, ONLY, (1) TO THE COMMONWEALTH OF THE BAHAMAS OR ANY AFFILIATE THEREOF, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.";

(vii) it understands that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Government:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, ASSIGNED, TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS UNLESS THIS SECURITY IS REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE."; and

(viii) it acknowledges that the Government and the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of such acknowledgments, representations or warranties deemed to have been made by virtue of its purchase of notes are no longer accurate, it shall promptly notify the Government; and if it is acquiring any notes as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

The one-year resale restriction period referred to in the above legend may be extended, in our discretion, in the event of one or more issuances of additional notes, as described under "Description of the Notes—Further

Issuances." The above legend (including the restrictions on resale specified thereon) may be removed solely in our discretion and at our direction.

For further discussion of the requirements under the Fiscal Agency Agreement to effect exchanges or transfer of interests in Global Notes, see "Description of the Notes—Form, Denomination, Book-Entry Procedures and Transfer."

ENFORCEMENT OF CIVIL LIABILITIES

It may be difficult for investors to obtain or realize upon judgments of courts in the United States against us. The Bahamas is a foreign sovereign government, generally immune from lawsuits and from the enforcement of judgments under United States law. Foreign sovereign governments, however, may waive this immunity and limited exceptions to this immunity are set forth in the Immunities Act. In addition, substantially all of our assets are located outside of the United States, and all of our representatives and certain other parties named herein reside outside the United States and substantially all of the assets of such persons are located outside the United States.

Except as provided below, to the extent that The Bahamas or any of its assets may have, or may hereafter become entitled to or have attributed to it (whether or not claimed), any right of immunity, on the grounds of sovereignty (including under the Immunities Act) or otherwise, from any action, suit or proceeding, from setoff or counterclaim, from the jurisdiction of any court, from service of process upon it or any agent, from attachment upon or in aid of execution of judgment or from execution of judgment or other legal process or proceeding for the giving of any relief or for the enforcement of judgments, whether in the United States, The Bahamas or elsewhere, The Bahamas will, to the fullest extent permitted by applicable law, waive and agree not to assert any such immunity for itself, its property, assets, or revenues, wherever located with respect to its obligations, liabilities, or any other matter under or arising out of or in connection with the Fiscal Agency Agreement and the notes. However, The Bahamas will reserve the right to plead sovereign immunity under the Immunities Act with respect to actions brought against it under United States federal securities laws or any state securities laws. In the absence of a waiver of immunity by The Bahamas with respect to such actions, it would not be possible to obtain a U.S. judgment in such an action unless a court were to determine that The Bahamas is not entitled to sovereign immunity under the Immunities Act with respect to that action. Moreover, you may not be able to enforce a judgment obtained under the Immunities Act against The Bahamas' property located in the United States except under the limited circumstances specified in the Immunities Act. As a result, holders of the notes may be required to pursue such claims against us in The Bahamas and under Bahamian law.

The Government will agree that any legal suit, action or proceeding arising out of or relating to the notes may be instituted by the note holders in any U.S. federal or New York state court of competent jurisdiction located in New York County, State of New York, and will waive, to the fullest extent that it may effectively do so under applicable U.S. law, any objection to venue and any right to assert a defense of an inconvenient forum in response to any such legal suit, action or proceeding. Any process or other legal summons in connection with any such action may be served upon the Consul General of the Commonwealth of The Bahamas, at his or her offices at 231 East 46th Street, New York, New York 10017, acting as agent for service of process for The Bahamas. The Government will irrevocably waive and agree not to plead, to the fullest extent that it may effectively do so under applicable law, any immunity (including sovereign immunity) from the jurisdiction of any such federal or New York state court of competent jurisdiction located in New York County, State of New York, to which it might otherwise be entitled in any such suit, action or proceeding arising out of or based upon the notes, except for immunity from execution and attachment as set forth in Section 19(4) of the Crown Proceedings Act (discussed below). Notwithstanding anything to the contrary, the Government will not consent to service or waive sovereign immunity with respect to actions brought against it under U.S. federal securities laws or any state securities laws. The Government has waived any immunity that it may claim under the Immunities Act, except as set forth above in this paragraph.

The Government will irrevocably waive, to the fullest extent permitted by law, any requirement or other provision of law, rule, regulation or practice, which requires or otherwise establishes as a condition to the institution, prosecution, or completion of any action or proceeding (including appeals) arising out of or relating to the notes, the posting of any bond or the furnishing, directly or indirectly, of any other security.

Section 19 of the Crown Proceedings Act (Chapter 68, Statute Law of The Bahamas) provides that, where in any proceedings by or against the Government any order (including an order for costs) is made by any court in The Bahamas in favor of any person against the Government, the proper officer of the court shall, on an application made by or on behalf of that person at any time after the expiration of 21 days from the date of the order or, in the case in which the order provides for the payment of costs and such costs are required to be taxed, at any time after the taxing of costs, whichever is later, issue a certificate to such person, a copy of which may be served upon the Attorney General of The Bahamas. If the order provides for the payment of money or costs, the Minister of Finance of The Bahamas shall pay the amount due to such person or his attorney, together with the interests, if any, lawfully due thereon; provided that the court by which any such order as aforesaid is made or any court to which an appeal against the order lies may direct that, pending an appeal or otherwise, payment of the whole of any amount so payable, or any part thereof, shall be suspended, and if the certificate has not been issued may order such direction to be inserted therein. Subject to this, section 19(4) of the Crown Proceedings Act provides that no execution or attachment or process in the nature thereof shall be issued out of any court in The Bahamas for enforcing payment by the Government of any money or costs, and no person shall be individually liable under any order for the payment by the Government of any money or costs.

Judgments of a foreign court against the Government where the Government has not appeared in the relevant proceedings or has unsuccessfully claimed immunity in such proceedings, may not be enforceable in the courts of The Bahamas on the grounds of public policy.

The Bahamas has been advised by its Bahamian counsel that final and conclusive judgments against The Bahamas for the payment of a sum of money rendered by a U.S. federal or New York State court, including in respect of civil liabilities predicated upon applicable securities laws, may be enforced in The Bahamas against The Bahamas and its respective representatives and certain others named herein without reconsideration of the merits, *provided* that:

- such court had proper jurisdiction under Bahamian conflict of law rules;
- the judgment is for a debt or definite sum of money other than a sum payable in respect of taxes or charges of a like nature or in respect of a fine or penalty;
- such court did not contravene the rules of natural justice of The Bahamas;
- such judgment was not obtained by fraud on the part of the party in whose favor the judgment was given or of the court pronouncing it;
- the enforcement of such judgment would not be contrary to the public policy of The Bahamas;
- the correct procedures under the laws of The Bahamas are duly complied with;
- such judgment is not inconsistent with a prior Bahamian judgment in respect of the same matter; and
- enforcement proceedings are instituted within six years after the date of such judgment.

Upon a determination by a Bahamian judge that such foreign judgment has satisfied these criteria, the courts of The Bahamas would recognize such foreign judgment as a valid judgment, and permit the same to found the basis of a fresh action in The Bahamas and should give a judgment based thereon without there being a re-trial or reconsideration of the merits of the case.

TAXATION

Certain Bahamian Tax Consequences

The following is a general description of certain tax laws of The Bahamas relating to the notes and does not purport to be a comprehensive description of the tax treatment of the notes. Prospective purchasers should consult their tax advisers as to the tax laws and the specific tax consequences of acquiring, holding, and disposing of the notes.

Under existing laws and regulations of The Bahamas, payments by The Bahamas of principal of and interest on the notes will not be subject to taxation in The Bahamas and no withholding for any Bahamian tax will be required on any such payments to any holders of the notes. There are no applicable Bahamian taxes in respect of any payment of principal or interest on the notes, or in respect of any gain on disposition of the notes.

In the event of the imposition of such withholding taxes or duties, The Bahamas has undertaken to make payments of Additional Amounts as described under "Description of the Notes—Additional Amounts."

Purchasers of notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase.

Certain United States Federal Income Tax Consequences

The following discussion summarizes the material U.S. federal income tax consequences of the acquisition, ownership, and disposition of the notes. The discussion is based upon provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code") its legislative history, judicial authority, current administrative rulings and practice, and existing and proposed Treasury Regulations, all as in effect and existing on the date hereof.

Legislative, judicial, or administrative changes or interpretations may alter or modify the validity of the statements and conclusions set forth below. Any such changes or interpretations may be retroactive, so as to result in U.S. federal income tax consequences different from those summarized below, and could adversely affect a holder of the notes. Except as otherwise described herein, this discussion applies only to notes held as capital assets (as defined in Section 1221 of the Code) by a person who is an initial holder purchasing notes pursuant to this offering at the initial offering price. This discussion does not purport to deal with all aspects of U.S. federal income taxation that might be relevant to particular holders in light of their personal circumstances or status, nor does it discuss the U.S. federal income tax consequences to certain types of holders subject to special treatment under the U.S. federal income tax laws, such as certain financial institutions, insurance companies, real estate investment trusts, regulated investment companies, dealers or traders in securities, tax-exempt organizations, persons subject to alternative minimum tax, persons that hold notes that are a hedge against, or that are hedged against, currency risk or that are part of an integrated investment (including a straddle) or as part of a conversion or repurchase transaction, accrual method taxpayers subject to special tax accounting rules as a result of their use of certain financial statements under Section 451(b) of the Code, U.S. Holders (as defined below) whose functional currency is not the U.S. dollar or partnerships or other entities classified as partnerships for U.S. federal income tax purposes. Moreover, the effect of any applicable state, local or non-U.S. tax laws, the Medicare tax on investment income or any U.S. federal tax laws other than with respect to income taxation, is not discussed.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of notes that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust the administration of which is subject to the primary supervision of a court within the United States and with respect to which one or more U.S. persons have the authority to control all substantial decisions of the trust. For purposes of this discussion, a "non-U.S. Holder" is a beneficial owner of notes, other than a partnership (or other entity classified as a partnership for U.S. federal income tax purposes), that is not a U.S. Holder. The U.S. federal income tax treatment of a partner in a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) that holds notes generally will depend on such partner's particular circumstances and on the activities of the partnership. Partners in such partnerships should consult their own tax advisors.

Contingent Payment Debt Instrument

In certain circumstances (see "Description of the Notes—Optional Redemption"), the Commonwealth may be obligated to pay additional amounts to optionally redeem the notes. These potential payments may implicate the provisions of the U.S. Treasury regulations relating to "contingent payment debt instruments." Under these U.S. Treasury regulations, however, one or more contingencies will not cause a debt instrument to be treated as a contingent payment debt instrument if, as of the issue date, such contingencies in the aggregate are considered "remote" or "incidental." Although not free from doubt, the Commonwealth intends to take the position that the possibility of paying additional amounts upon an optional redemption should not cause the notes to be treated as contingent payment debt instruments for U.S. federal income tax purposes. The Commonwealth's determination generally is binding on a holder unless such holder discloses its contrary position in the manner required by the applicable U.S. Treasury regulations. The Commonwealth's determination is not, however, binding on the IRS. It is possible that the IRS may take a different position from that described above, in which case, if such position is sustained, the timing and amount of income included and the character of the income recognized with respect to the notes may be materially and adversely different from the consequences discussed herein. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes. You should consult your own tax advisors regarding the possible application of the contingent payment debt instrument rules to the notes.

U.S. Holders

Payments of Interest. Interest payments on the notes will be taxable as ordinary interest income to a U.S. Holder when received or accrued in accordance with such holder's regular method of accounting for U.S. federal income tax purposes, and such income will include any tax withheld from interest payments notwithstanding that such withheld amount is not in fact received by such U.S. Holder. A U.S. Holder will also be required to include in income any Additional Amounts paid or accrued (in accordance with such method of accounting) with respect to the notes. Interest income on a note generally will constitute foreign source income and, depending on the U.S. Holder's circumstances, generally will be considered "passive" or "general" income, which, in either case, is treated separately from other types of income in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. If any foreign income taxes are imposed in respect of payments on the notes, the U.S. Holder may be eligible, subject to a number of complex limitations, for a deduction or a foreign tax credit. Investors are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale, Exchange, Redemption or Other Disposition. The sale, exchange, redemption or other disposition of a note will be a taxable event for U.S. federal income tax purposes. In such event, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between (i) the amount of cash plus the fair market value of any property received upon such sale, exchange, redemption or other disposition (except to the extent that such cash or property is attributable to accrued interest, which amount will be taxable as ordinary income to the extent not previously included in gross income) and (ii) the U.S. Holder's tax basis therein. A U.S. Holder's tax basis in a note generally will be equal to the purchase price paid by such U.S. Holder for such note, reduced by any previous payments of principal. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the note will have been held by the U.S. Holder for more than one year at the time of such sale, exchange, redemption or other disposition. Long-term capital gains may be taxed at a lower rate than ordinary income for certain non-corporate U.S. Holders (including individuals). The ability of a U.S. Holder to deduct a capital loss is subject to limitations under the Code.

Gain or loss realized by a U.S. Holder on the sale, exchange, redemption or other disposition of a note will generally be treated as U.S. source gain or loss for U.S. foreign tax credit purposes.

Foreign Financial Asset Reporting. Certain U.S. Holders are subject to reporting requirements on their ownership of certain foreign financial assets, including debt of foreign entities, if the aggregate value of all of these assets exceeds U.S.$50,000 at the end of the taxable year (or U.S.$75,000 on any day during the taxable year). The notes are expected to constitute foreign financial assets subjects to these requirements unless the notes are held in an account at a financial institution. U.S. Holders should consult their tax advisors regarding the application of these reporting requirements to their ownership of the notes.

Non-U.S. Holders

A non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to the receipt of interest on the notes, or gain realized on the sale or other disposition of notes, unless (i) the interest or gain is treated as effectively connected with the conduct by such holder of a trade or business in the United States (and, if an income tax treaty applies, the interest or gain is attributable to a permanent establishment maintained by the non-U.S. Holder in the United States), or (ii) in the case of gain derived by an individual, such individual is present in the United States for 183 days or more in the taxable year and certain other conditions are met. If a non-U.S. Holder is described in (i) above, it will be subject to tax on the interest or gain in the same general manner as if the non-U.S. Holder were a U.S. Holder, unless an applicable income tax treaty provides otherwise, and if a non-U.S. Holder is a foreign corporation it may be subject to an additional branch profits tax equal to 30% (or lesser rate as may be specified under an applicable income tax treaty) on its effectively connected earnings and profits (subject to certain adjustments). If a non-U.S. Holder is an individual described in (ii) above, such holder will be subject to a flat 30% tax (subject to reductions under an applicable income tax treaty) on the gain, which may be offset by U.S. source capital losses, even though such holder is not considered a resident of the United States.

Information Reporting and Backup Withholding

The "backup" withholding and information reporting requirements may apply to certain payments of principal and interest on a note and to certain payments of proceeds of the sale or other disposition of a note. Backup withholding generally will apply if the holder fails to furnish its taxpayer identification number (social security number or employer identification number), to certify that such holder is not subject to backup withholding, or to otherwise comply with the applicable requirements of the backup withholding rules. Certain holders (including, among others, most corporations) are not subject to the backup withholding and information reporting requirements. Under current Treasury Regulations, backup withholding and information reporting generally will not apply to payments made to a holder of a note who has provided the required certification under penalties of perjury that it is not a U.S. Holder or has otherwise established an exemption.

Any amounts withheld under the backup withholding rules from a payment to a holder may be claimed as a credit against such holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

PLAN OF DISTRIBUTION

BNP Paribas Securities Corp., Citigroup Global Markets Inc., Deutsche Bank Securities Inc. and CIBC World Markets Corp. are acting as the initial purchasers of the notes. Subject to the terms and conditions stated in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase the principal amount of notes set forth opposite their names below:

Initial Purchasers	Principal Amount of Notes
BNP Paribas Securities Corp.	U.S.$304,857,000
Citigroup Global Markets Inc.	U.S.$304,858,000
Deutsche Bank Securities Inc.	U.S.$304,857,000
CIBC World Markets Corp.	U.S.$152,428,000
Total	U.S.$1,067,000,000

The purchase agreement provides that the obligations of the initial purchasers to purchase the notes are subject to certain conditions precedent, to the passing on of legal matters by counsel, to the validity of the notes and to other conditions. The obligations of the initial purchasers under the purchase agreement are several and not joint. The initial purchasers may offer and sell the notes through certain of their affiliates. The purchase agreement provides that if an initial purchaser fails to purchase its share of the notes and that failure constitutes a default under the purchase agreement, the remaining initial purchasers are obligated severally to take up and pay for the notes which the defaulting initial purchaser agreed but failed to purchase; provided, however, that if the aggregate principal amount of the notes that the defaulting initial purchaser fails to purchase exceeds 10% of the aggregate principal amount of the notes being offered by the Government, the remaining initial purchasers have the right to purchase all of the notes, but are not obligated to purchase any of the notes. If the non-defaulting initial purchasers do not purchase all of the notes, the purchase agreement will terminate without liability to any non-defaulting initial purchasers or the Government.

The initial offering price is set forth on the cover page of this offering memorandum. The initial purchasers may offer the notes to selected dealers at the initial offering price set forth on the cover page of this offering memorandum less a selling concession. After the notes are released for sale, the initial purchasers may change the offering price and other selling terms. The initial purchasers reserve the right to cancel any order of notes in whole or in part.

In the purchase agreement, the Government has agreed that the Government will indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the initial purchasers may be required to make in respect of those liabilities.

The notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. Accordingly, the notes are subject to restrictions on resale and transfer as described under "Notice to Investors."

In the purchase agreement, the initial purchasers have, severally and not jointly, represented, warranted and agreed that:

- the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements; and

- during the initial distribution of the notes and otherwise until 40 days after the later of the commencement of this offering and the closing of this offering, they will offer or sell notes:

- inside the United States only to persons whom they reasonably believe to be qualified institutional buyers in transactions pursuant to, and in accordance with, Rule 144A;
- outside the United States in accordance with Regulation S; or
- pursuant to another exemption from registration under the Securities Act.

The notes will constitute a new class of securities with no established trading market. Application will be made to list the notes on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. However, the initial purchasers cannot assure you that the listing applications will be approved. The initial purchasers cannot assure you that the prices at which the notes will sell in the market after this offering will not be lower than the offering price or that an active trading market for the notes will develop and continue after this offering. The initial purchasers may make a market in the notes. However, the initial purchasers are not obligated to do so and may discontinue any market making activities with respect to the notes at any time without notice.

Accordingly, the initial purchasers cannot assure you as to the liquidity of or the trading market for the notes.

In connection with the offering, the initial purchasers may engage in overallotment, stabilizing transactions and covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for such initial purchasers. Covering transactions involve purchases of notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions involve bids to purchase notes so long as the stabilizing bids do not exceed a specified maximum. Any of these transactions may have the effect of preventing or retarding a decline in the market price of the notes. These transactions may also cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions.

The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time in their sole discretion.

The initial purchasers and certain of their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financial and brokerage activities. The initial purchasers and certain of their respective affiliates have in the past performed commercial banking, investment banking and advisory services for the Commonwealth from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for the Commonwealth in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own respective accounts and for the accounts of their respective customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Commonwealth.

Certain of the initial purchasers and their affiliates may hold Tender Offer Notes. To the extent that Tender Offer Notes are repurchased, redeemed or repaid with the proceeds from the sale of the notes, such initial purchasers would receive a portion of the proceeds from the sale of the notes in respect of such Tender Offer Notes. The initial purchasers will also concurrently be acting as dealer managers in connection with the Tender Offer.

Selling Restrictions

Neither we nor the initial purchasers are making an offer to sell, or seeking offers to buy, the notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area

The notes may not be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II, (ii) a customer within the meaning of the Insurance Distribution Directive where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the "Prospectus Regulation"). Consequently, no key information document required by the packaged retail and insurance-based investment products regulation ("PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

United Kingdom

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "UK Prospectus Regulation"). Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

An invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with the issue or sale of any notes which are the subject of the offering contemplated by this offering memorandum will only be communicated or caused to be communicated in circumstances in which Section 21(1) of FSMA does not apply to us.

Chile

Pursuant to Law 18,045 of Chile (the "securities market law of Chile") and Rule ("Norma de Carácter General") 336, dated June 27, 2012 ("Rule 336"), issued by the Financial Market Commission of Chile ("Comisión para el Mercado Financiero", or "CMF"), the notes may be privately offered in Chile to certain "qualified investors" identified as such by Rule 336 (which in turn are further described in Rule 216, dated June 12, 2008, of the CMF). Rule 336 requires the following information to be provided to prospective investors in Chile:

- the date of commencement of the offer is June 9, 2025. The offer of the notes is subject to Rule 336;
- the subject matter of this offer are securities not registered with the CMF, nor with the foreign securities registry (registro de valores extranjeros) of the CMF, due to the notes not being subject to the oversight of the CMF;
- since the notes are not registered in Chile there is no obligation by the issuer to make publicly available information about the notes in Chile; and
- the notes will not be subject to public offering in Chile unless registered with the relevant securities registry of the CMF.

Hong Kong

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person may offer or sell in Hong Kong, by means of any document, any notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap.32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance. No person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance or to any persons in the circumstances referred to in paragraph (ii) above.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of

Singapore (the “MAS”). Accordingly, this offering memorandum may not be circulated or distributed, nor may the notes be offered for exchange, offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed for or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then securities, debentures and units of securities and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the notes under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; (iii) by operation of law; (iv) as specified in Section 276(7) of the SFA; or (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Singapore Securities and Futures Act Product Classification: Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Commonwealth has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or to, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the notes. The notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus pursuant to the FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

Panama

The notes have not been and will not be registered under the Panamanian Securities Act with the Superintendence of Capital Markets in the Republic of Panama. Accordingly, (i) the notes cannot be publicly offered or sold in Panama, except in transactions exempted from registration under the Panamanian Securities Act, (ii) the

Panamanian Superintendence of Capital Markets has not reviewed the information contained in this offering memorandum, (iii) the notes and the offering thereof are not subject to the supervision of the Panamanian Superintendence of Capital Markets, and (iv) the notes do not benefit from the tax incentives provided by Panamanian Securities Act.

Taiwan

The notes have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or any other regulatory authorities of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be sold, issued or offered within Taiwan through a public offering or in circumstances that constitute an offer or a solicitation of an offer within the meaning of Taiwan's Securities and Exchange Act or relevant laws and regulations of Taiwan that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or any other regulatory authorities of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the notes in Taiwan.

United Arab Emirates

The notes have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this offering memorandum does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This offering memorandum has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority, Financial Services Regulatory Authority or the Dubai Financial Services Authority.

Abu Dhabi Global Market

The Abu Dhabi Global Market ("ADGM"), including the Financial Services Regulatory Authority and the Registration Authority does not accept any responsibility for the content of the information included in this offering memorandum, including the accuracy or completeness of such information. The liability for the content of this offering memorandum lies with the issuer of this offering memorandum. The ADGM has also not assessed the suitability of the notes to which this offering memorandum relates to any particular noteholder or type of noteholder. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this offering memorandum or are unsure whether the notes to which this offering memorandum relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Markets Law, DIFC Law No. 1 of 2012, as amended. This document is intended for distribution only to persons of a type specified in the Markets Law, DIFC Law No. 1 of 2012, as amended. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority ("DFSA") has no responsibility for reviewing or verifying any documents in connection with exempt offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for this document. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Korea

The notes have not been and will not be registered with the Financial Services Commission of Korea under the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the notes have not been and will not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transactions Law of Korea and its Enforcement Decree) or to others for re-offering or resale, directly or indirectly, to any resident of Korea, except as otherwise permitted by applicable Korean laws and regulations. In addition, within one year following the issuance of the notes, the notes may not be transferred to any resident of Korea other than a qualified institutional buyer (as such term is defined in the regulation on issuance, public disclosure, etc. of securities of Korea, a "Korean QIB") registered with the Korea Financial Investment Association (the "KOFIA") as a Korean QIB and subject to the requirement of monthly reports with the KOFIA of its holding of Korean QIB bonds as defined in the Regulation on Issuance, Public Disclosure, etc. of Securities of Korea, provided that (a) the notes are denominated, and the principal and interest payments thereunder are made, in a currency other than Korean won, (b) the amount of the securities acquired by such Korean QIBs in the primary market is limited to less than 20 per cent. of the aggregate issue amount of the notes, (c) the notes are listed on one of the major overseas securities markets designated by the Financial Supervisory Service of Korea, or certain procedures, such as registration or report with a foreign financial investment regulator, have been completed for offering of the securities in a major overseas securities market, (d) the one-year restriction on offering, delivering or selling of securities to a Korean resident other than a Korean QIB is expressly stated in the securities, the relevant underwriting agreement, subscription agreement, and the offering circular and (e) the Commonwealth and the initial purchasers shall individually or collectively keep the evidence of fulfillment of conditions (a) through (d) above after having taken necessary actions therefor.

Settlement

We expect that delivery of the notes will be made against payment therefor on or about the fourth business day in the United States following the date of the pricing of the notes (this settlement cycle being referred to as "T+4"). Under Rule 15c6-1 of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the secondary market generally are required to settle in one business day, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on a day prior to the first business day before the date of initial delivery of the notes will be required, by virtue of the fact that the notes initially will settle in "T+4," to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery hereunder should consult their own advisors.

GENERAL INFORMATION

Application has been made for acceptance of the notes into DTC's book-entry settlement system. The notes have been accepted for clearance through Euroclear and Clearstream. The International Securities Identification Number, or ISIN, for the Restricted 144A Global Note is 056732 AP5, the CUSIP Number for the Restricted 144A Global Note is US056732AP57, and the common code for the Restricted 144A Global Note is 310644889. The ISIN for the Regulation S Global Note is P06518 AL1, the CUSIP Number for the Regulation S Global Note is USP06518AL18, and the common code for the Regulation S Global Note is 310645001. The Government's Legal Entity Identifier is 549300W13SXC7EKNJC20.

The legal authorizations for the issuance of the notes offered hereby are set forth in the resolutions of the House of Assembly, dated June 17, 2024 and March 10, 2025. The June 17, 2024 resolution authorizes the Minister of Finance to borrow $37.0 million to cover the projected gap between revenue and expenditures, in addition to amounts required to refinance or reschedule existing public debt as long as the latter borrowing activities do not lead to variations in the net debt position beyond the $37.0 million at the end of fiscal year 2024/2025. The March 10, 2025 resolution authorizes the Minister of Finance to borrow the sum of $300.0 million in any currency and instrument as the Minister may determine.

Copies of the Fiscal Agency Agreement (including the forms of the global notes and the definitive notes) will, for if and so long as the notes are listed on the Luxembourg Stock Exchange, be available for inspection during normal hours on any weekday (except Saturdays and public holidays) at the specified offices of the Paying Agent.

LEGAL MATTERS

The validity of the notes and certain other legal matters relating to the issuance of the notes will be passed upon for the Government by Hogan Lovells US LLP, U.S. counsel to the Government, and by the Office of the Attorney-General of The Bahamas. Certain legal matters related to the offering will be passed upon for the initial purchasers by Allen Overy Shearman Sterling US LLP, U.S. counsel to the initial purchasers, and Higgs & Johnson, Bahamian counsel to the initial purchasers.

OFFICIAL STATEMENTS

Information included herein which is identified as being derived from a publication of the Government or one of its agencies or instrumentalities is included herein on the authority of such publication as a public official document of the Government. All other information in this offering memorandum is included as a public official statement made on the authority of the Ministry of Finance of the Government, in its official capacity.

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The Commonwealth of The Bahamas

8.250% Notes due 2036

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June 17, 2025