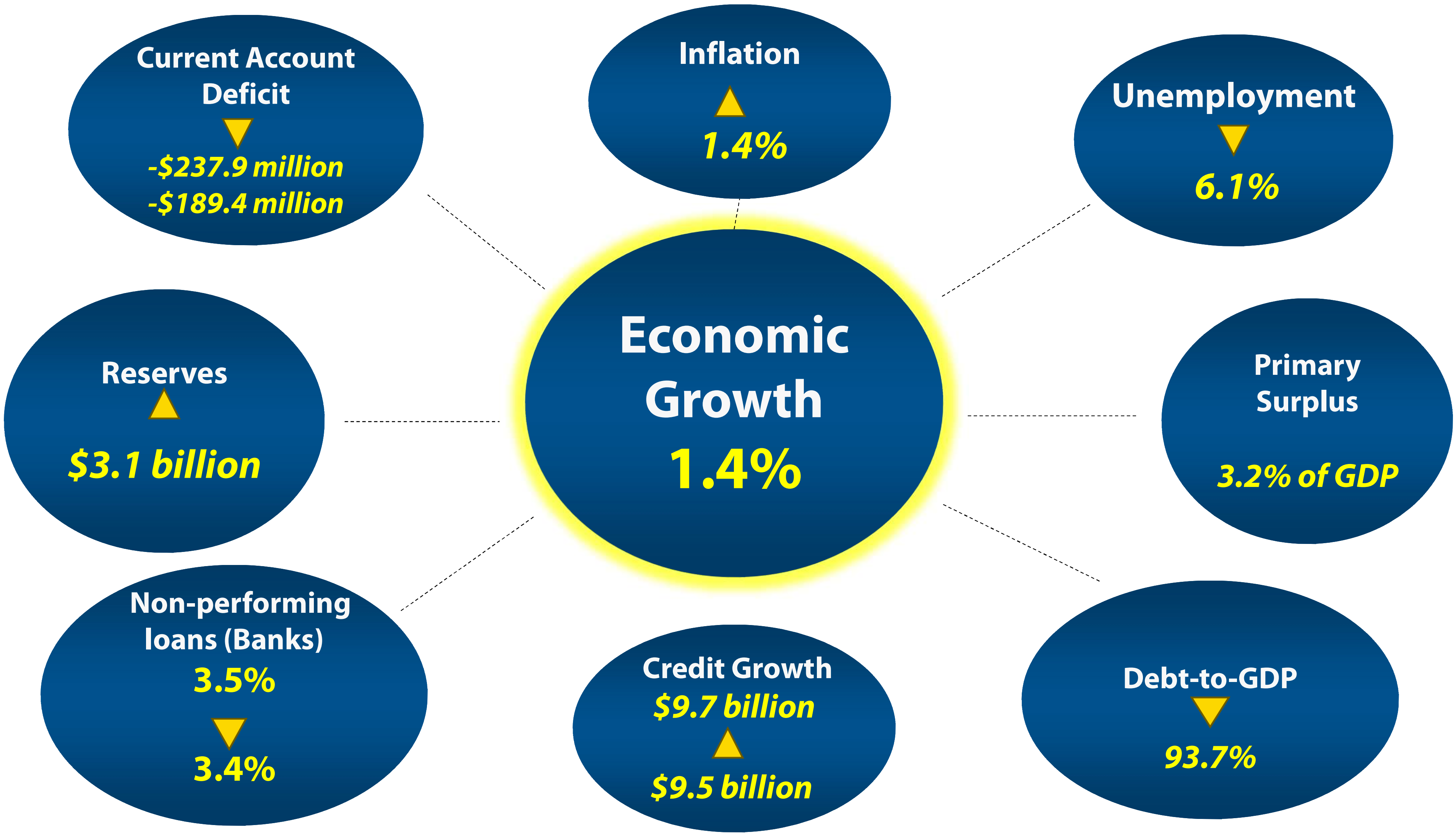
CENTRAL BANK OF BARBADOS

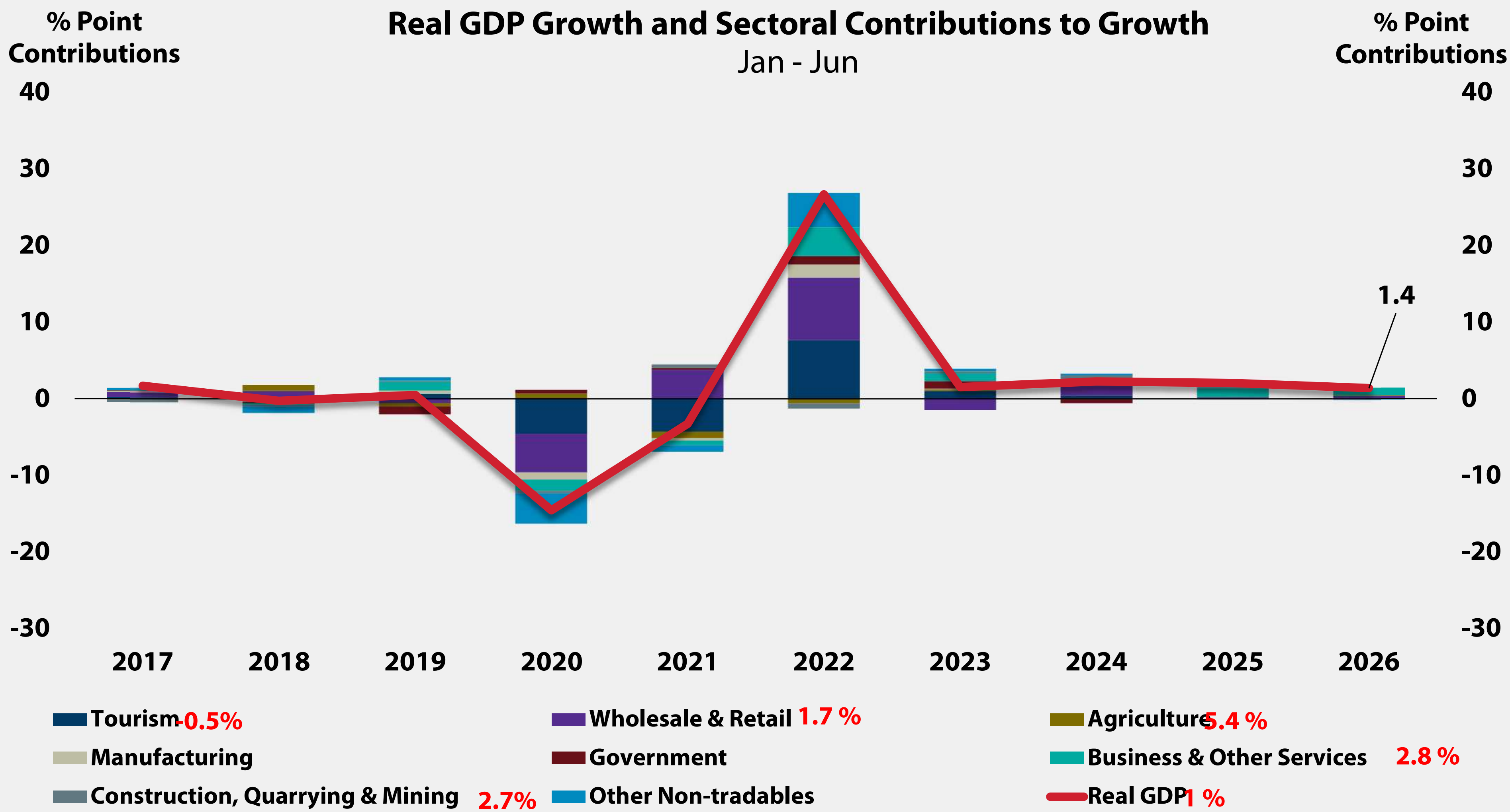
BARBADOS' ECONOMIC REVIEW

OVERVIEW OF THE ECONOMY

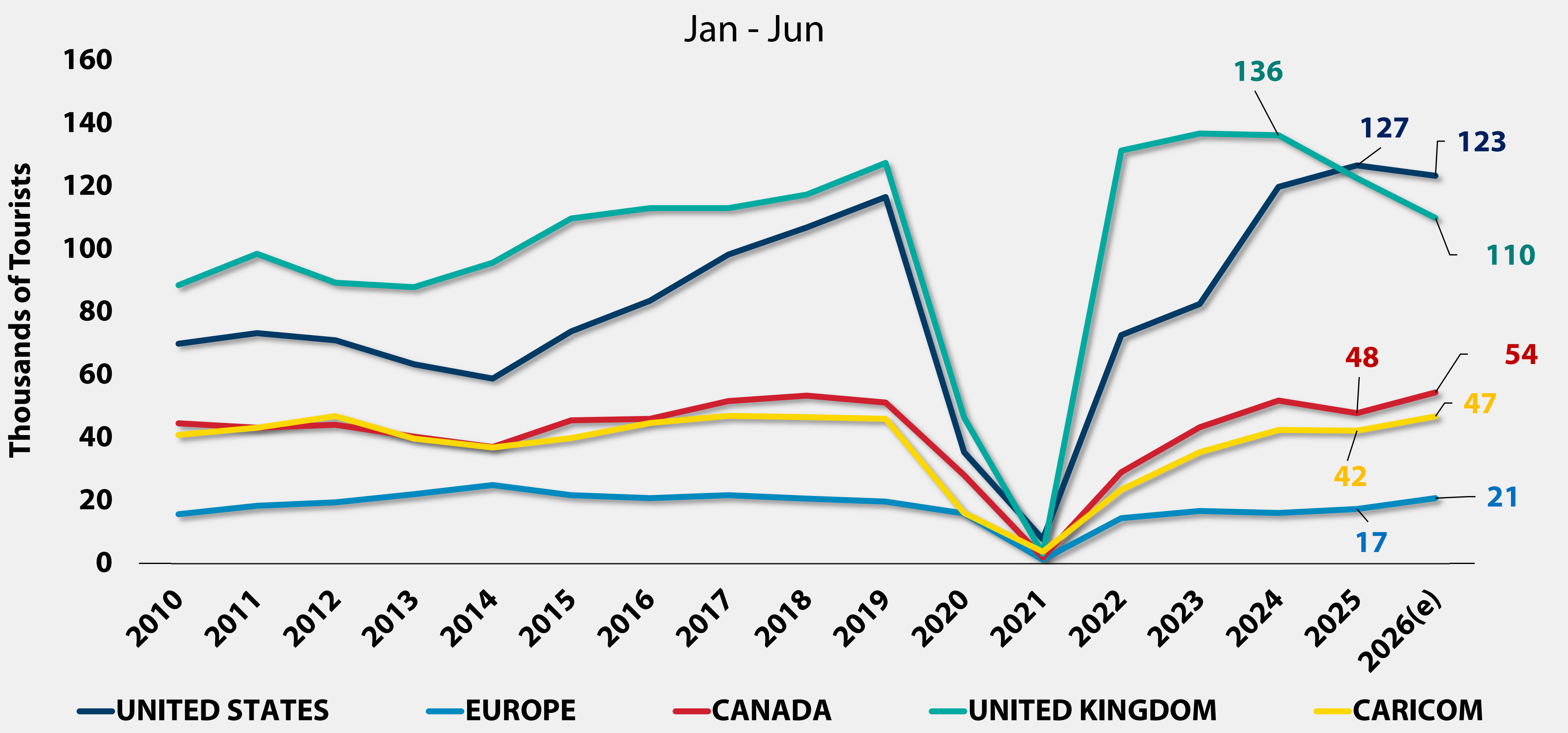
Barbados sustained growth and preserved strong buffers

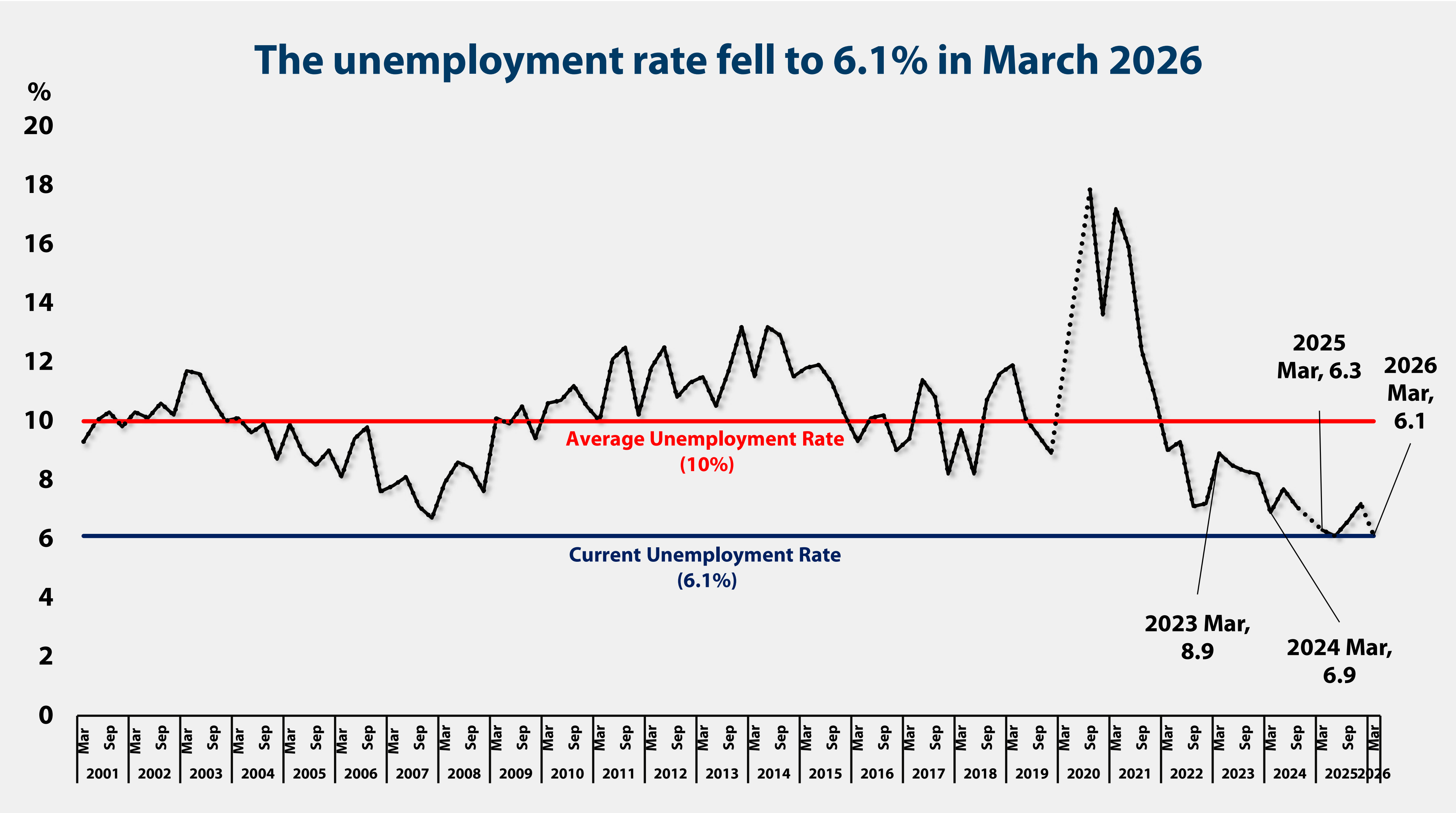


Domestic activity drove first-half growth



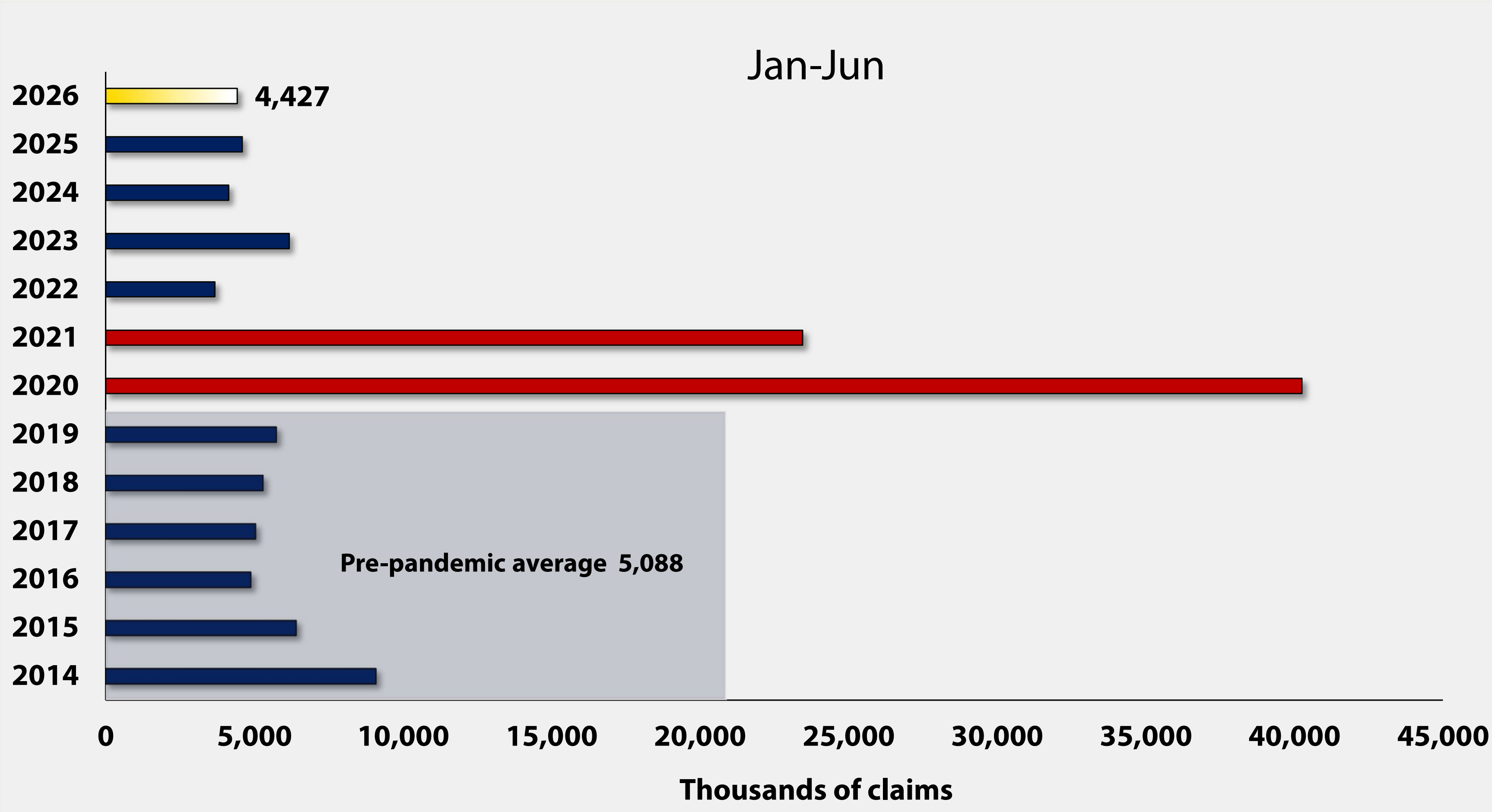
Arrivals held close to 2025 levels but shorter stays reduced visitor nights



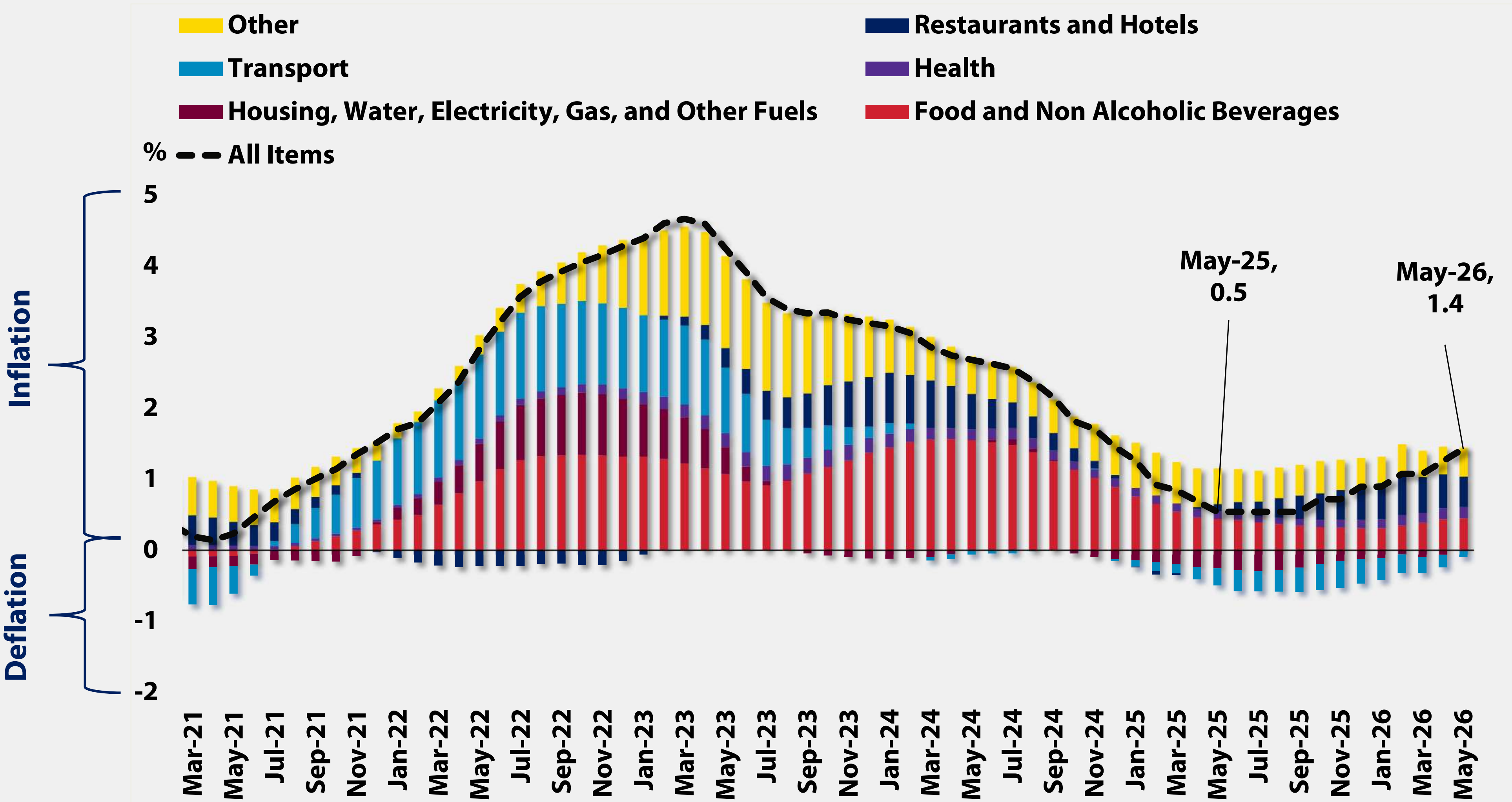

The unemployment rate fell to 6.1% in March 2026
%
20
18
16
14
12
10
8
6
4
2
0
Average Unemployment Rate
(10%)
Current Unemployment Rate
(6.1%)
2025
Mar, 6.3
2026
Mar,
6.1
2023 Mar,
8.9
2024 Mar,
6.9
Mar
Sep
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026

Labour market indicators remained broadly favourable

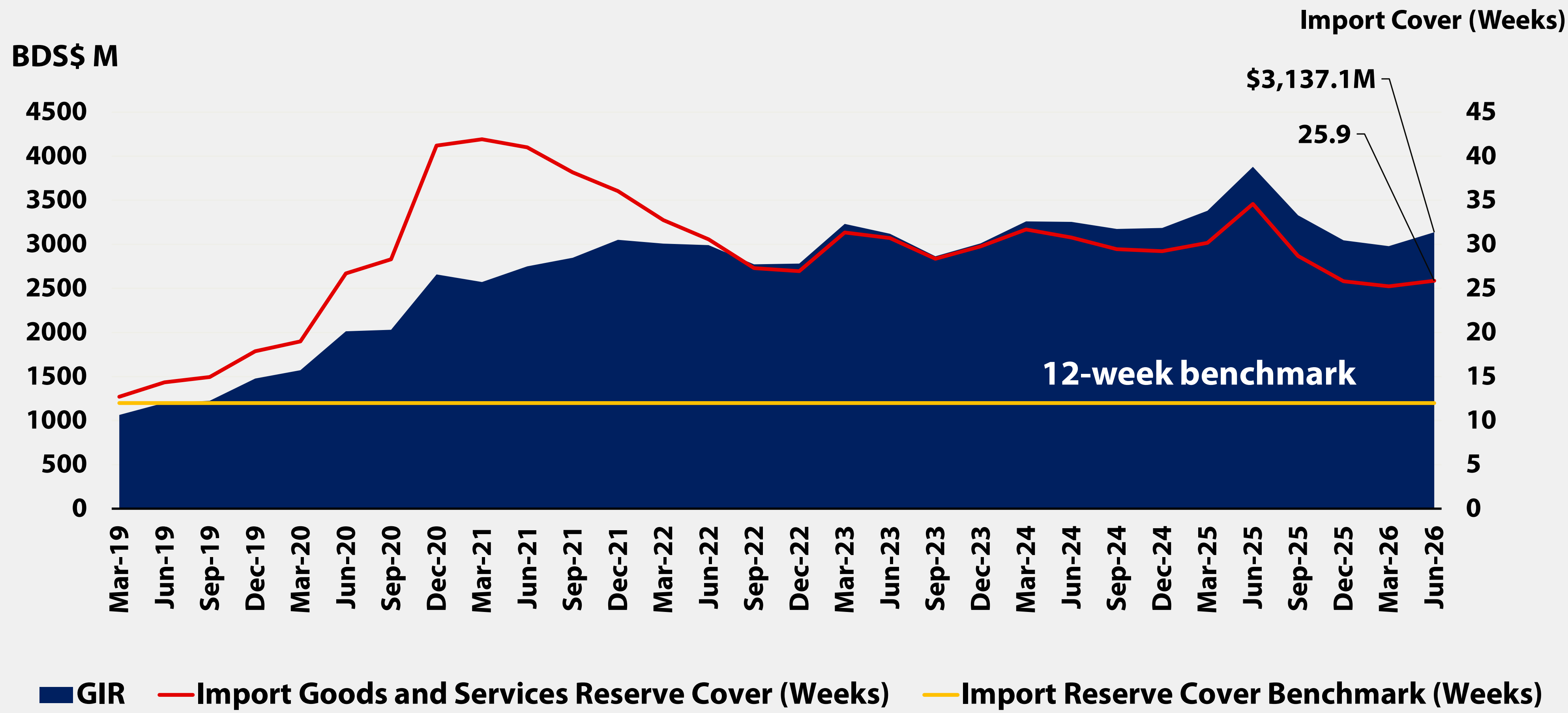
Unemployment claims remained below pre-pandemic levels



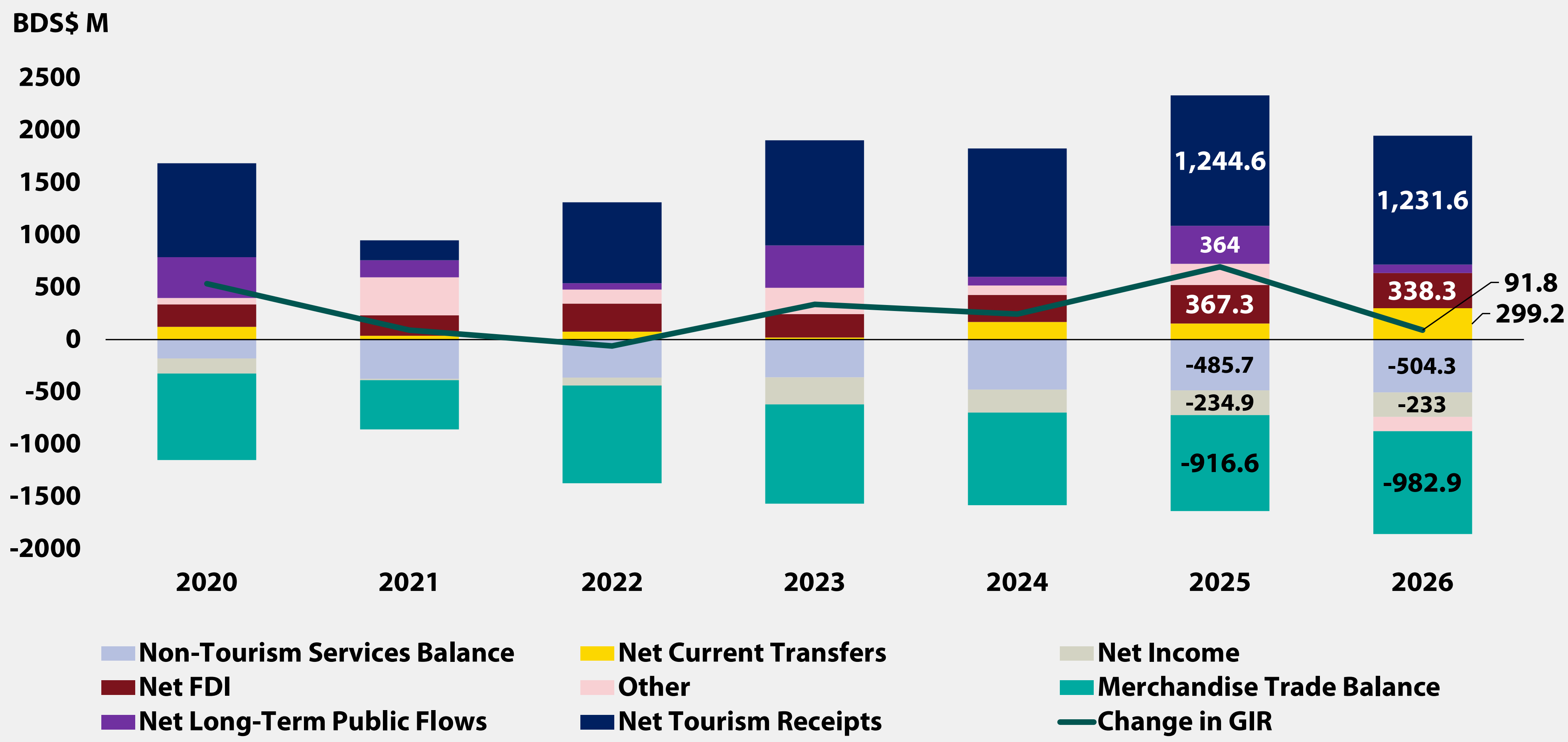
Inflation rose from a low base but remained contained



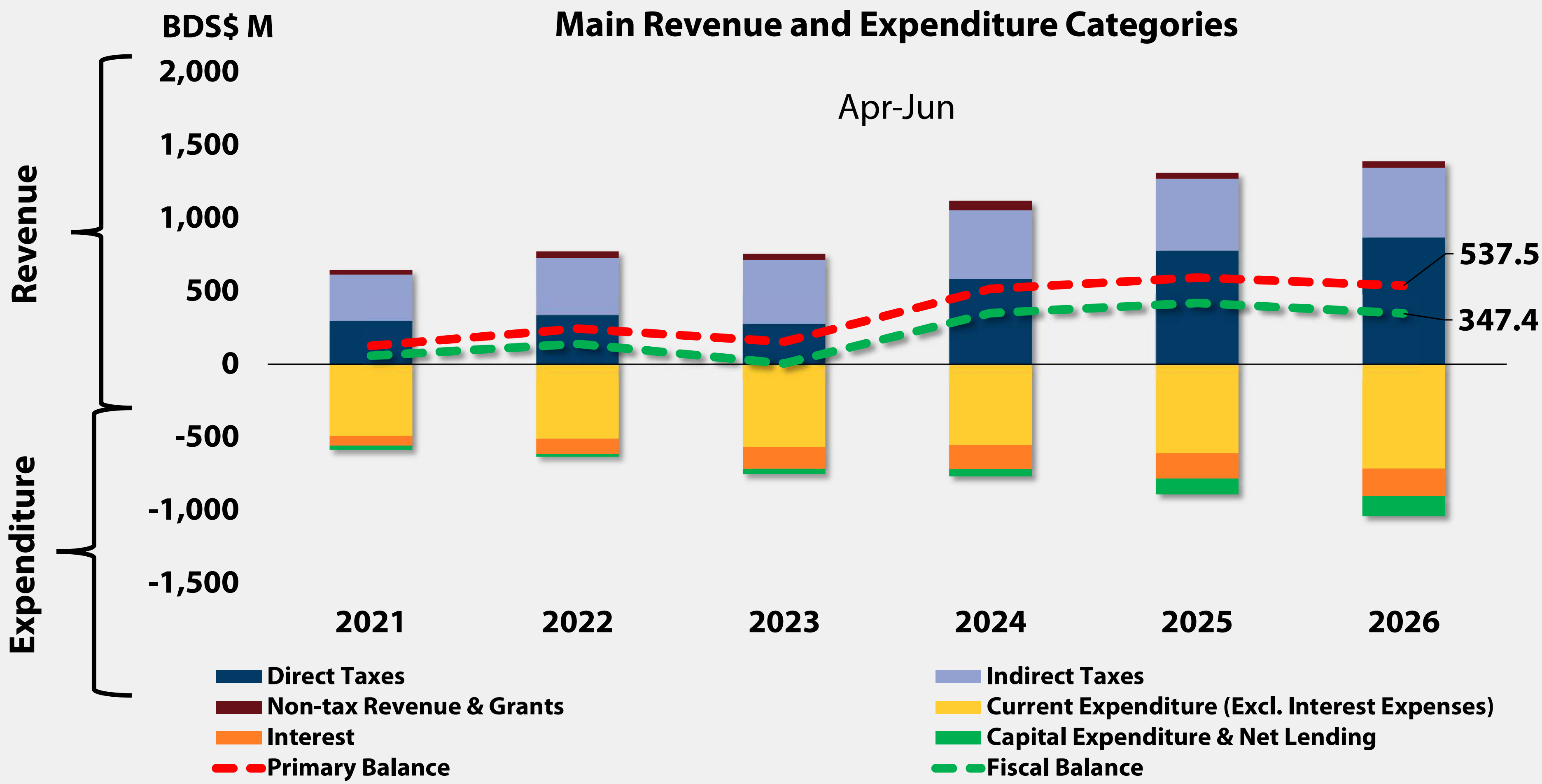
Reserves remained strong at $3.1 billion, 25.9 weeks of import cover

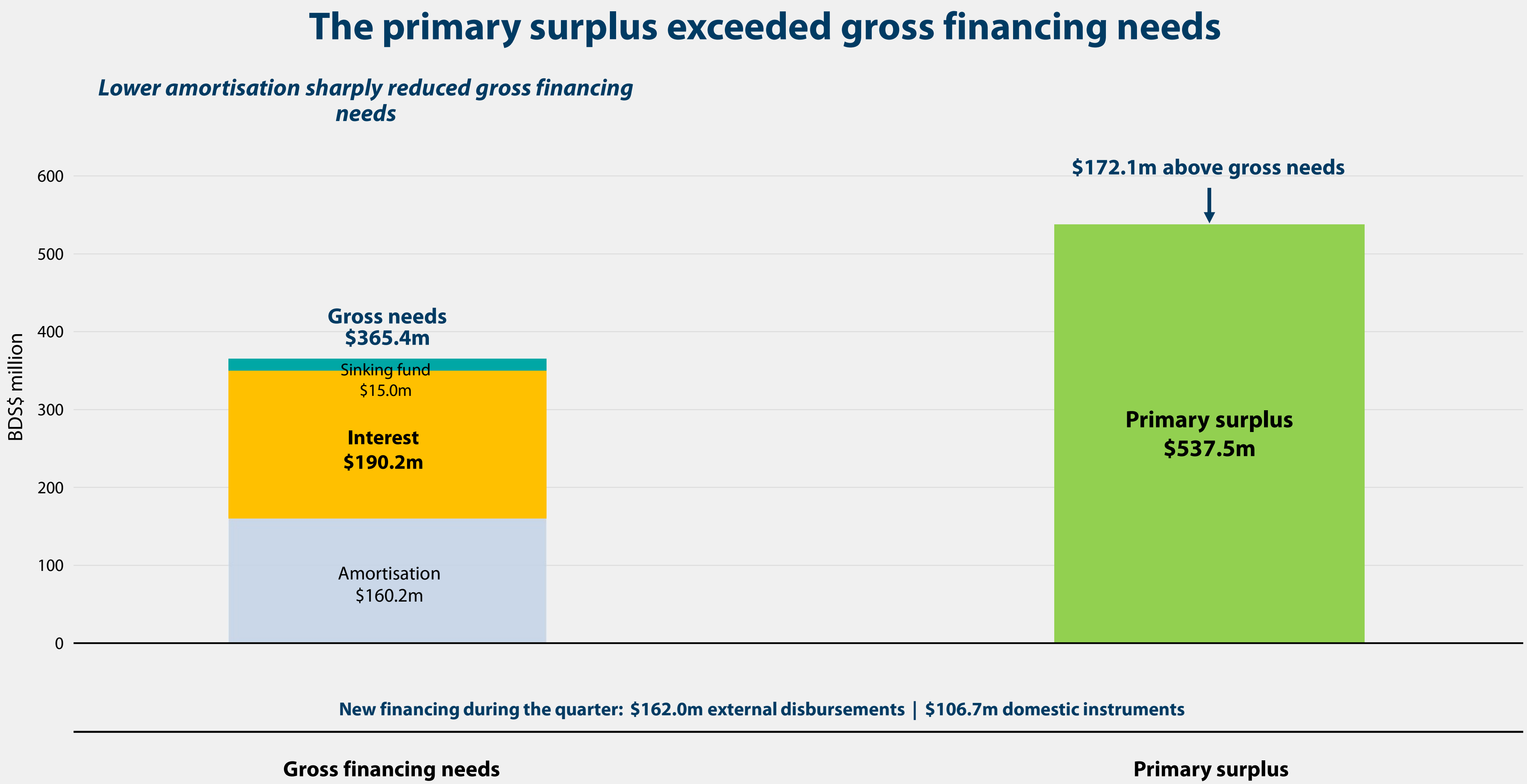


Transfers and tourism earnings supported reserve accumulation

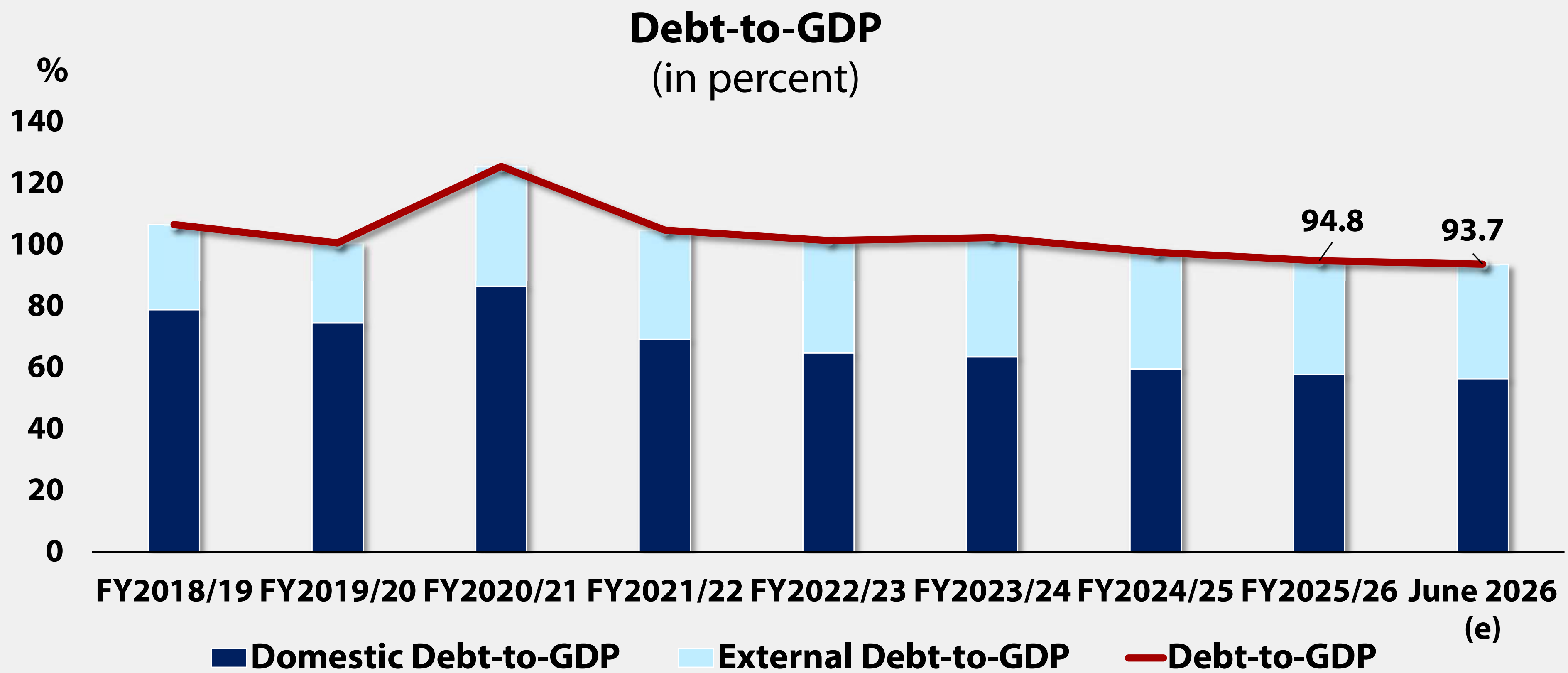


Government preserved substantial fiscal surpluses as spending increased



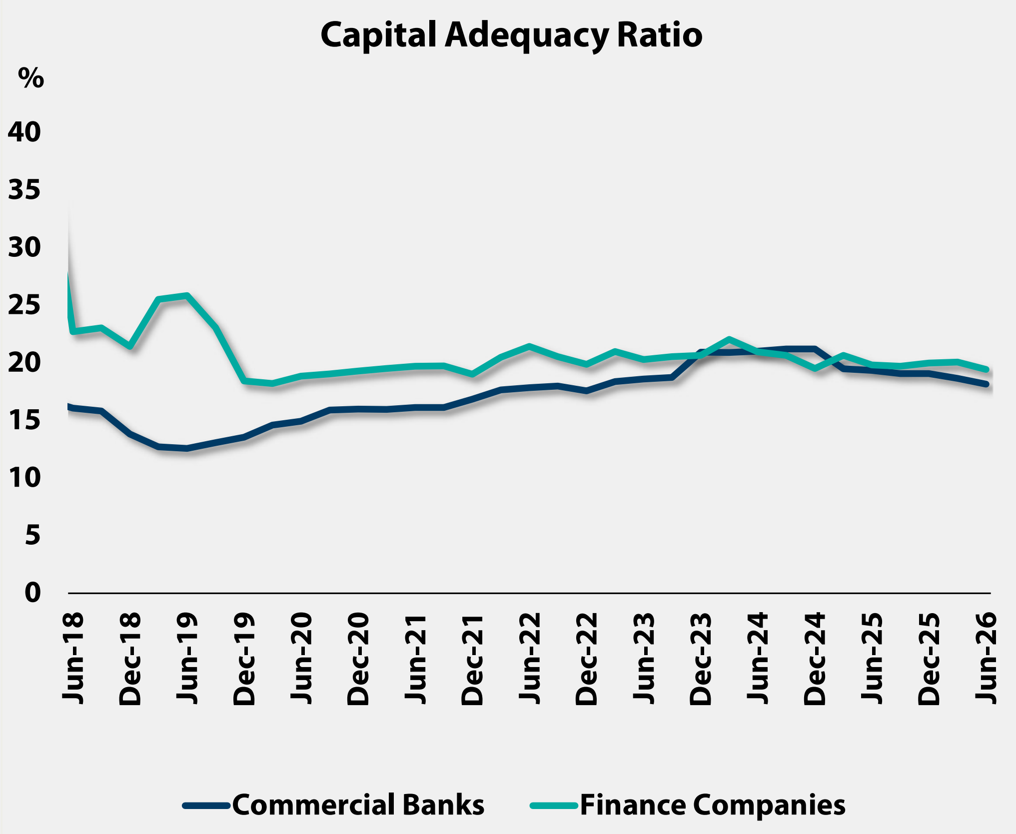

The primary surplus exceeded gross financing needs
Lower amortisation sharply reduced gross financing needs
$172.1m above gross needs
Gross needs
$365.4m
Sinking fund
$15.0m
Interest
$190.2m
Amortisation
$160.2m
Primary surplus
$537.5m
BDS$ million
0
100
200
300
400
500
600
New financing during the quarter: $162.0m external disbursements | $106.7m domestic instruments
Gross financing needs
Primary surplus

Public debt continued to decline

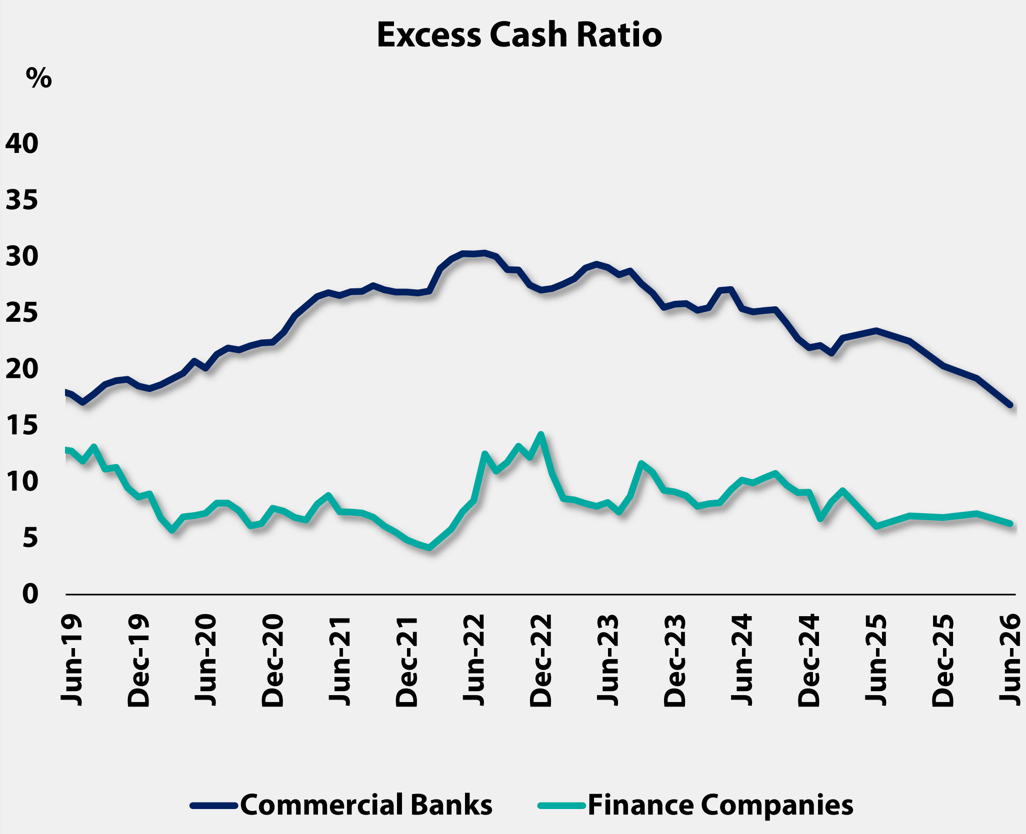


Capital and liquidity buffers remained strong

Capital remained well above regulatory requirements

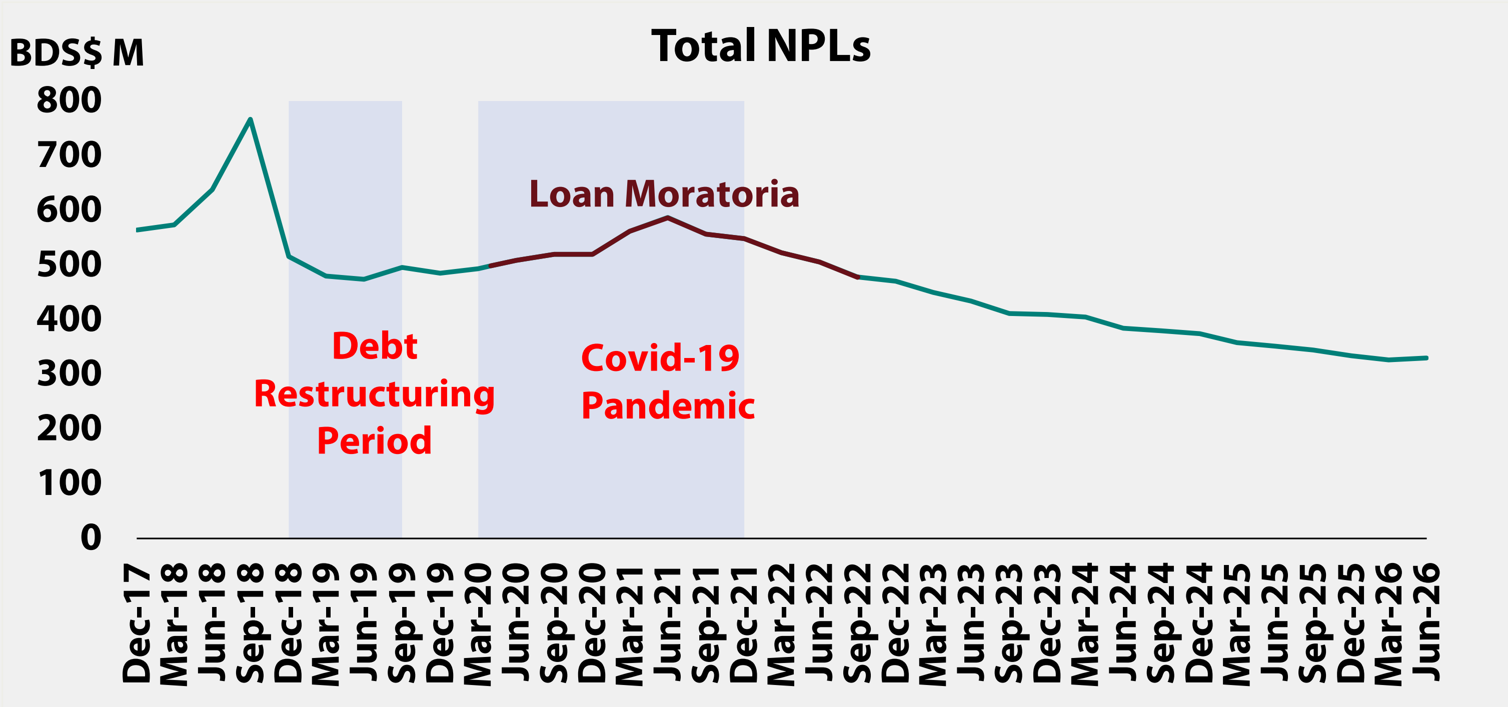


Liquidity ratios declined but remained ample



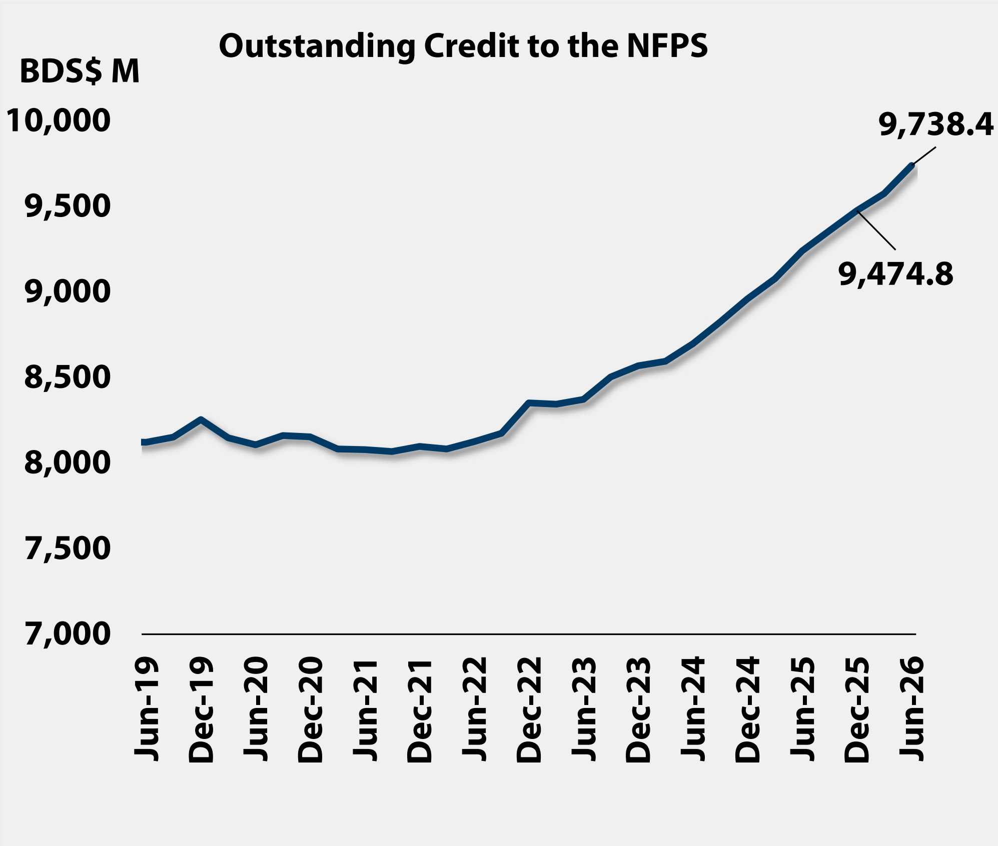
Credit quality continued to improve

The stock of non-performing loans (NPLs) fell

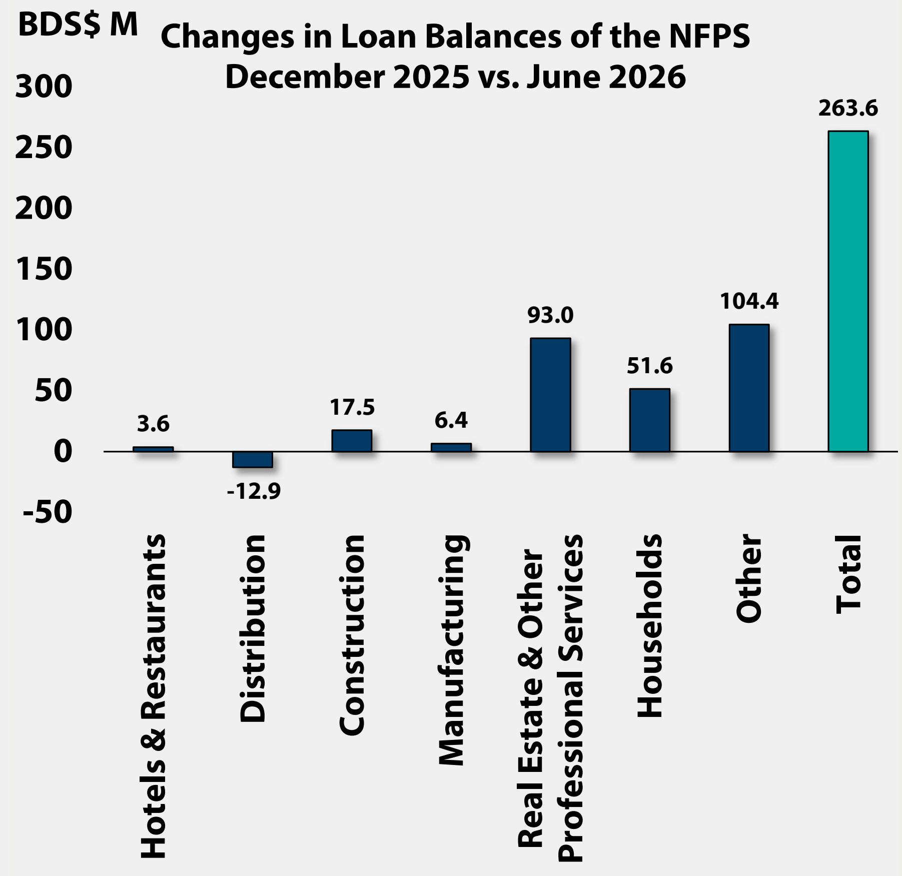


Credit expanded across most major sectors

Credit to the non-financial private sector grew by 2.8%



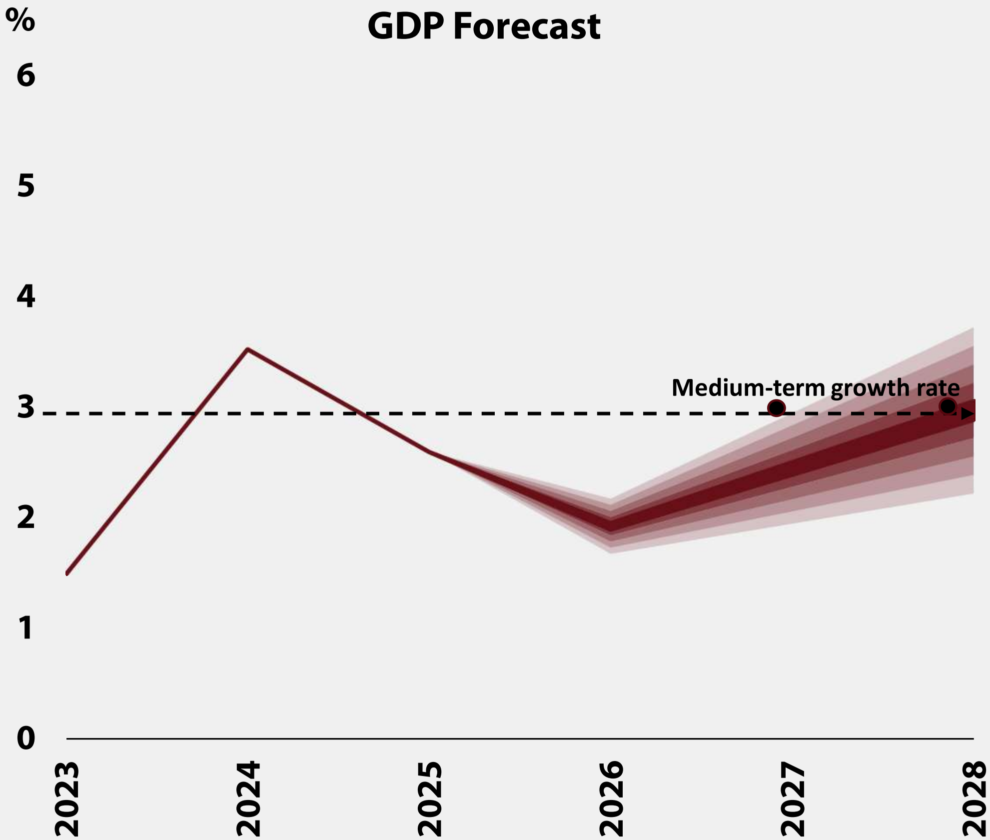
...Utilities, real estate and professional services, and households led the increase



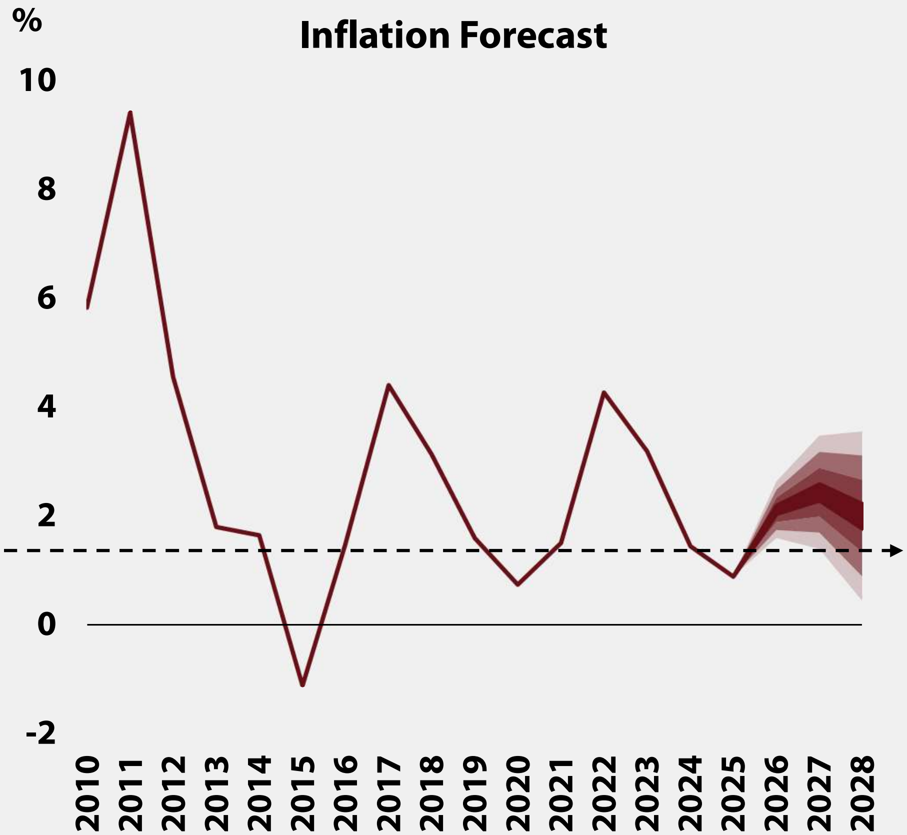
OUTLOOK FOR THE ECONOMY

The economy should grow by approximately 2% in 2026

Growth should accelerate in the second half and strengthen toward 3% over the medium term

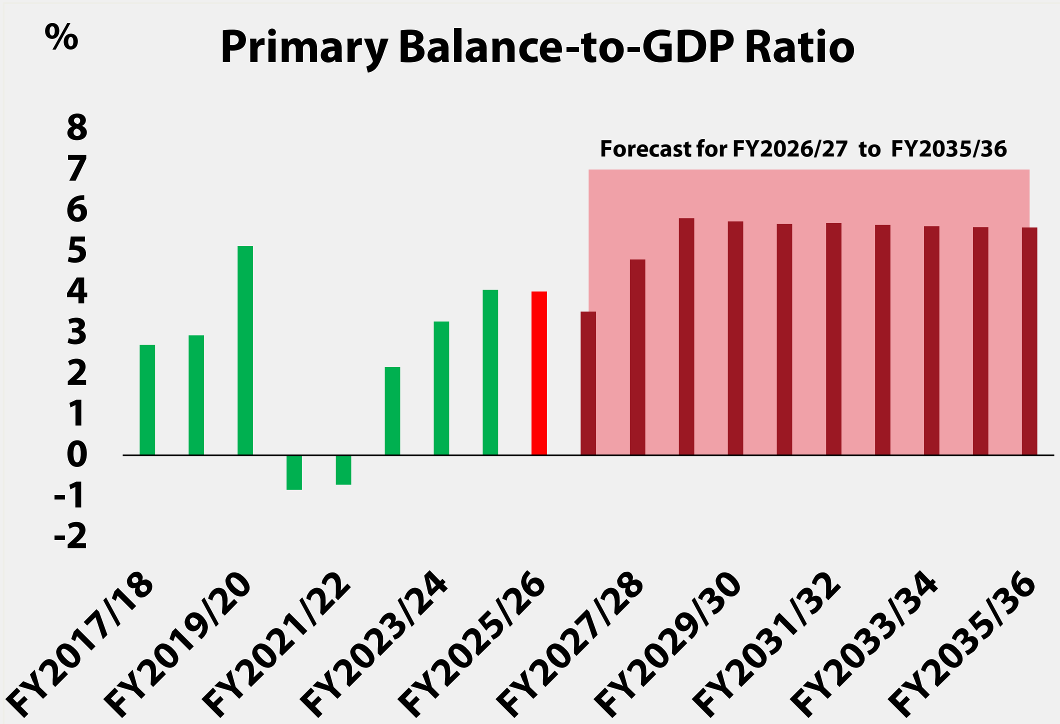


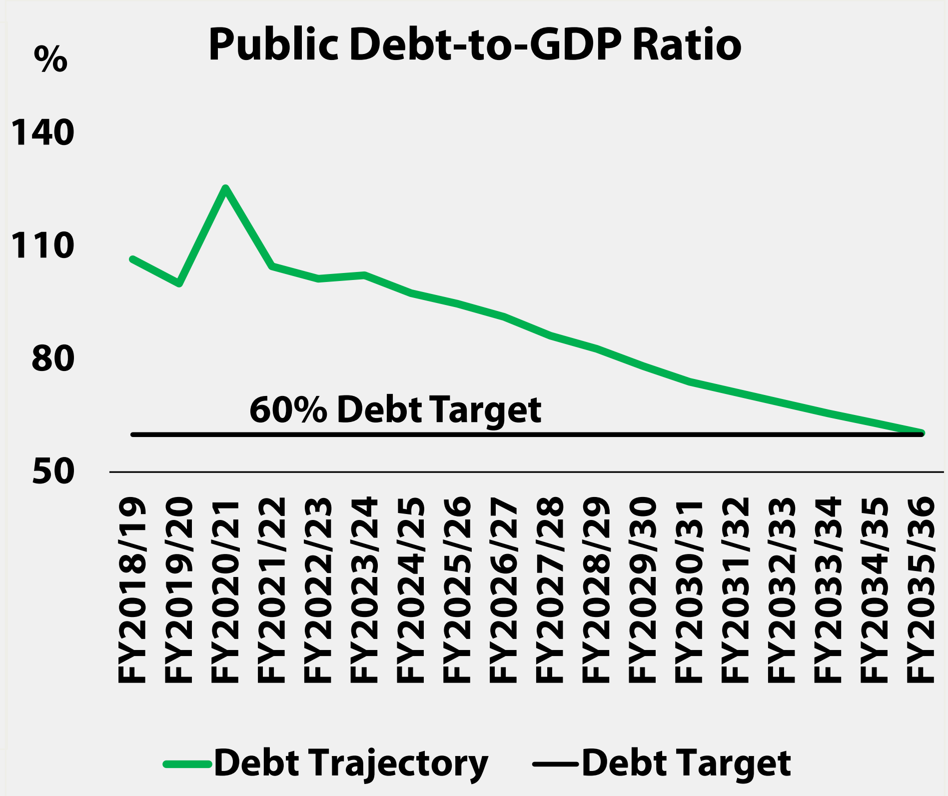
Inflation should rise into a 2% to 3% range, then settle near 2% over the medium term2



Sustained primary surpluses and continued growth support further debt reduction

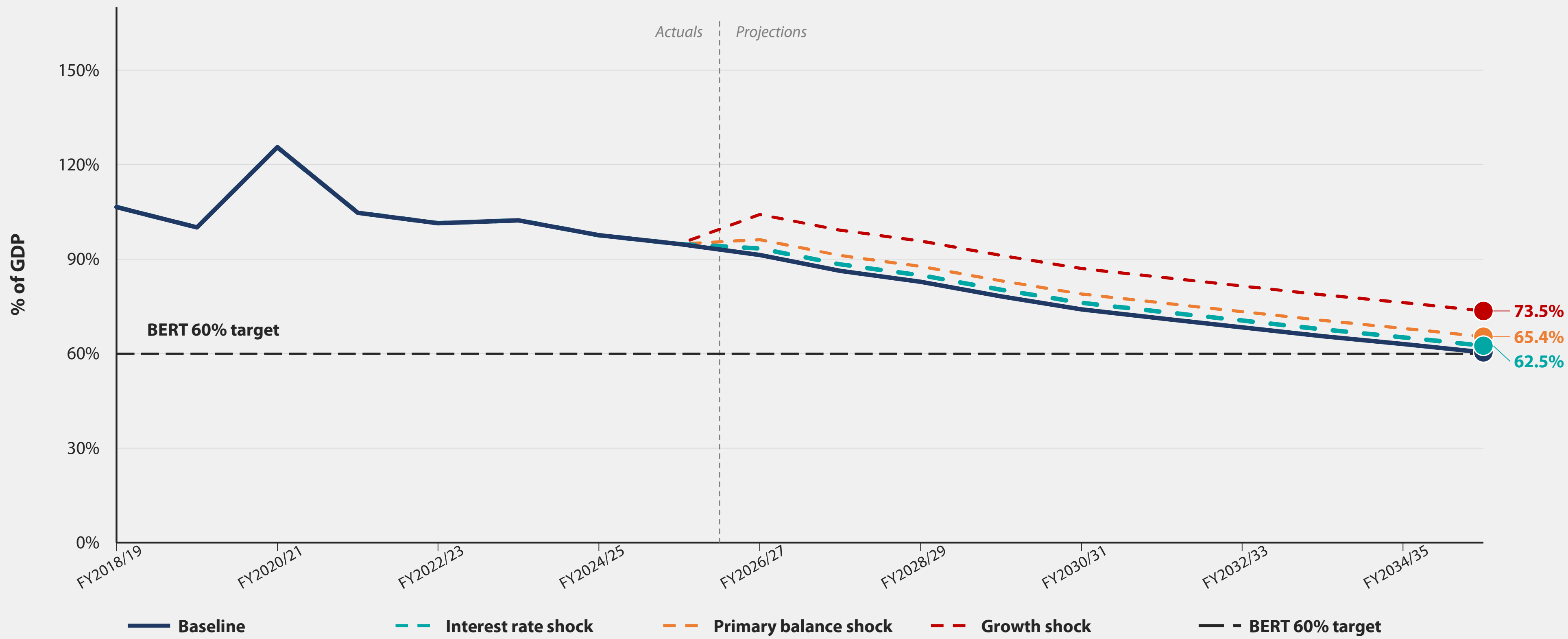
The primary balance path is consistent with achieving the long-term debt anchor of 60% of GDP





Debt continues to decline under standardised shocks

Debt resumes a declining path under every standardised shock; the growth shock leaves it at 73.5 percent of GDP by FY2035/36

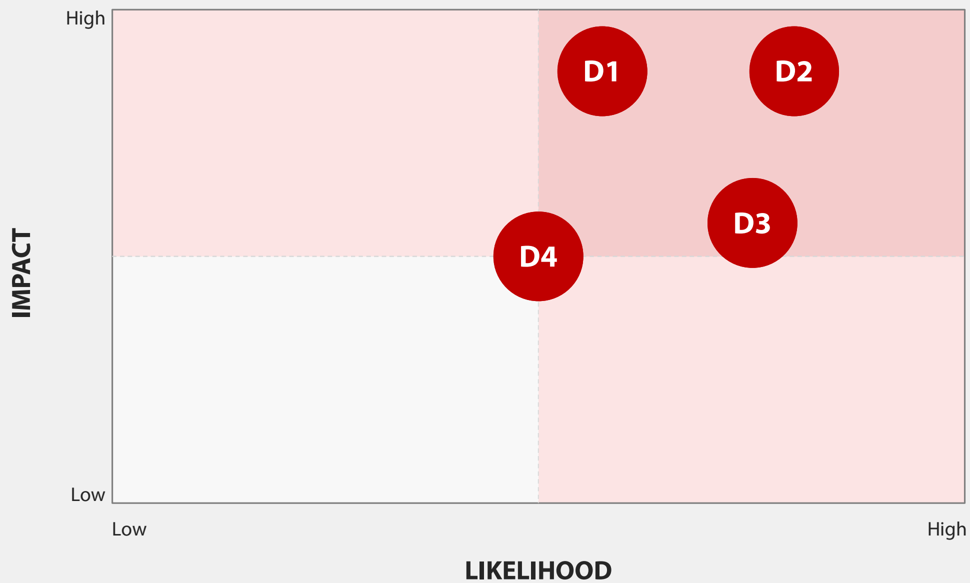


Source: Central Bank of Barbados Debt Sustainability Analysis. Methodology: IMF Public Debt Dynamics Tool (TNM/2021/005). Shocks apply from FY2026/27 and rebase on the published debt trajectory. The historical scenario, not shown, ends at 83.7 percent of GDP at FY2035/36.

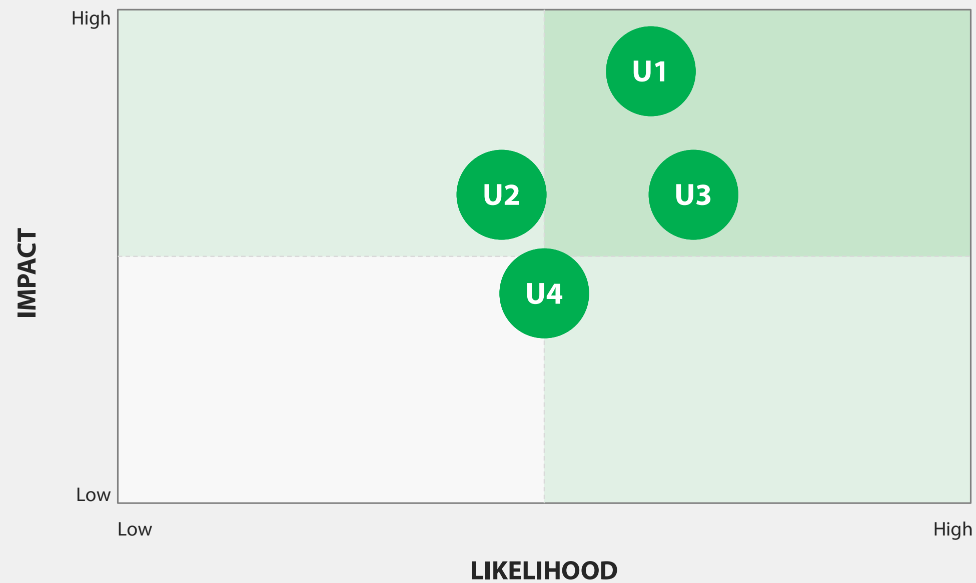
Risks remain significant, while stronger execution creates opportunities

External downside risks remain elevated; domestic delivery can strengthen the outcome

DOWNSIDE RISKS



UPSIDE OPPORTUNITIES



- **D1** Slower global growth
- **D2** Geopolitical tensions / higher oil and freight prices
- **D3** Trade restrictions
- **D4** Weather disruptions

- **U1** Stronger tourism
- **U2** Climate-smart infrastructure
- **U3** Accelerated project execution
- **U4** Productivity / BERT 2026 reforms


THANK YOU