



GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

Ministerial Statement

To the House of Assembly

By

The Hon. E. David Burt, JP, MP

Premier and Minister of Finance

Bermuda's Strong Ratings Continue

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Mr. Speaker, I rise today to share with this Honourable House encouraging news that highlights the strength of Bermuda's economy and the confidence that global investors continue to place in our island.

Mr. Speaker, two globally respected rating agencies, S&P Global (S&P) and Morningstar DBRS (Morningstar), have completed their latest assessments of Bermuda's creditworthiness. These are independent institutions with no local political interest, whose work is based entirely on data, policy analysis, and economic fundamentals.

On May 13th, S&P reaffirmed Bermuda's long-term sovereign credit rating at 'A+' and its short-term rating at 'A-1', with a stable outlook. Just yesterday, Morningstar went one step further, upgrading Bermuda's long-term issuer ratings to A (high) and upgrading our short-term ratings to R-1 (middle). All outlooks were confirmed as stable.

Mr. Speaker, this upgrade is a direct result of Bermuda's economic recovery, sound fiscal policy, and credible institutions. S&P stated, "The stable outlook reflects our expectation that the local economy will remain healthy and support solid government finances and low debt, as well as Bermuda's external asset position." While Morningstar stated, "The upgrade reflects Morningstar DBRS's view that Bermuda's robust growth outlook and steady improvement in public finances have strengthened its credit quality."

Morningstar further noted that Bermuda recorded economic growth of 4.9% in 2023, with growth between 4.5% and 5.0% projected for 2024, surpassing previous estimates. They cited the performance of international business and the steady rebound in tourism as key contributors to this growth.

Mr. Speaker, the agencies also highlighted Bermuda's improving fiscal position. Morningstar reported that our deficit has averaged just 0.4% of GDP over the past four years, and the Government has achieved its first balanced budget in more than two decades. These are not our words, Mr. Speaker, they are the findings of unbiased independent analysts. Morningstar stated plainly: "Bermuda's track record of prudent fiscal policy is a key credit strength."

Morningstar also pointed to our declining debt ratio, which has fallen from 46% of GDP in 2020, at the height of the pandemic, to 35% in 2024, and is projected to continue falling in the years ahead. Morningstar stated, "The government debt ratio is projected to decline over the next several years, even before accounting for the effects of the new corporate income tax." This is further evidence that the improvement in Bermuda's public finances is the result of sustained fiscal discipline and economic momentum, not dependent on future revenues. The report went on to note that, "debt dynamics are expected to remain favourable even without additional revenue from the new tax," underscoring the credibility of Bermuda's current fiscal trajectory.

Mr. Speaker, this Honourable House will recall that in this year's Budget, this Government confirmed a \$19.7 million surplus for 2024/25, the first Consolidated Fund surplus since 2003. For 2025/26, we are projecting a surplus of \$43.3 million. This progress is the result of fiscal discipline, effective policy, and sustained economic momentum, which is being recognised internationally with this sovereign rating upgrade.

The agencies also referenced the strength of Bermuda's institutions. S&P noted that "Bermuda benefits from effective policymaking and institutions, a stable political environment, and a strong legal system."

Mr. Speaker, though sovereign ratings may not mean that much to the everyday Bermudian, these ratings carry significant weight. They help determine our cost of borrowing, influence investor perceptions, and reflect the judgment of professional analysts who examine economies around the world. For Bermuda to maintain an A+ rating from S&P and to receive an upgrade to A (high) from Morningstar is a clear signal to the global community that this Government is managing Bermuda's fiscal affairs responsibly.

Mr. Speaker, while both agencies noted longer-term challenges, such as economic concentration and demographic pressures, they also acknowledged the Government's commitment to addressing these through prudent reforms. These include continued economic diversification as outlined in Bermuda's Economic Development Strategy; health care transformation as we move to universal healthcare; and the building of fiscal buffers through sustained surpluses & planned debt reduction.

These efforts are aligned with the direction set out in the 2025/26 Budget. As I stated in this Honourable House, Bermuda has recorded four consecutive years of strong GDP growth, achieved the lowest unemployment rate in 50 years, witnessed record levels of Bermudians working in international business, and returned to a balanced budget for the first time in more than two decades.

Mr. Speaker, we also continue to invest in infrastructure, affordable housing, and healthcare; with capital expenditure at its highest level since 2010. We have reduced payroll taxes for 86% of workers, cut energy taxes by 80%, and delivered tax relief across the economy, all while delivering a budget surplus. That is responsible, Progressive Labour Party, governance in action.

Mr. Speaker, as I close, I want to thank the public officers, policy advisors, and all those across Government and industry who contributed to this successful outcome. The rating upgrade from Morningstar DBRS and the rating affirmation from S&P Global are testaments to our collective hard work and represent an independent vote of confidence in Bermuda's economy.

The global economic environment remains uncertain; however, the findings from these independent rating agencies are a timely reminder that Bermuda remains well-positioned, both economically and institutionally, to navigate global headwinds that may arise.

Thank you, Mr. Speaker.