

# Quarterly

## Economic Review

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# REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

## DOMESTIC ECONOMIC DEVELOPMENTS

### OVERVIEW

Initial indications are that the domestic economy contracted during the first quarter of 2020, dominated by the Novel Coronavirus (COVID-19) pandemic. Globally imposed travel restrictions related to COVID-19 resulted in a falloff in tourism sector output, as both the high value-added air segment and sea passengers came to a halt in March. Further, foreign investment-related activity, and to a lesser extent ongoing post hurricane rebuilding work, which provided stimulus to the construction sector, also paused, owing to the compulsory lockdown of the country in an attempt to contain the spread of the virus. In price developments, domestic inflation remained relatively subdued, reflective of the decrease in international oil prices.

Provisional data for the third quarter of FY2019/2020, showed that the Government's position reversed to a deficit from a surplus in the comparative quarter of FY2018/2019. The outturn was largely attributed to unplanned hurricane-related spending and disrupted revenue collections from the storm, which contributed to a hike in aggregate expenditure and a falloff in total revenue. Budgetary financing was obtained mainly from the domestic market, comprising of a combination of long and short-term debt.

In monetary developments, both bank liquidity and external reserves expanded, as the receipt of re-insurance proceeds, led to the build-up in the deposit base, which contrasted with the reduction in domestic credit. However, banks' credit quality indicators weakened slightly during the first quarter. Nevertheless, the latest available data for the fourth quarter of 2020, showed an increase in banks' overall profitability, as the rise in income from interest earned and commissions & foreign exchange fees, outstripped higher operating outlays.

On the external side, the estimated current account balance recorded a deficit during the review quarter, vis-à-vis a surplus in the corresponding period last year. Contributing to this development was a considerably tourism-related decline in the services account surplus, combined with a widening in the merchandise trade deficit and a rise in net income outflows. In contrast, the capital and financial account shifted to a surplus from a deficit a year earlier, largely reflecting a reversal in the "other investments" balance to a net receipt from a net outflow, and gains in net direct investment inflows.

## REAL SECTOR

### TOURISM

During the first quarter, developments in the tourism sector were dominated by the COVID-19 pandemic, which led to globally imposed travel restrictions that reduced tourism output. Both the high value-added air segment and sea traffic contracted in New Providence and Grand Bahama, outstripping cruise-based gains in the Family Islands.

Data provided by the Ministry of Tourism (MOT) revealed that total tourist arrivals contracted by 14.7% during the March quarter, following a 12.3% increase in 2019 and an average gain of 2.7% over the last five years. Underlying this outturn, the air segment declined by 28.0% to 0.3 million, a reversal from a 17.3% expansion a year earlier and the five-year average of 7.4%. Similarly, the dominant sea category reduced by

10.5% to 1.4 million, vis-à-vis a 10.8% growth last year and an average increase of 1.5% over the past five years.

A disaggregation by major ports of call showed that total visitor arrivals to New Providence contracted sharply by 29.3% during the review quarter, a turnaround from a 27.0% gain in the prior year. Both sea and air passengers decreased, by 32.4% and 22.1%, respectively. Further, visitor arrivals to Grand Bahama reduced by 34.4%, extending the 19.5% falloff in 2019, amid respective declines of 58.9% and 30.9% in air and sea traffic. In contrast, underpinned by a rise in sea arrivals (33.3%), total arrivals to the Family Islands grew by 21.1%, following a 0.8% retrenchment last year. However, the Family Island air component decreased sharply (45.0%), as resort facilities in Abaco remained under repair following Hurricane Dorian.



Information from the Bahamas Hotel Association and the Ministry of Tourism for a sample of large properties in New Providence and Paradise Island confirmed the falloff in hotel sector performance during the first quarter. Specifically, room revenue fell by 28.0%, vis-à-vis a 37.0% growth last year. Reflective of this outturn, the average daily rate (ADR) reduced by 9.3% to \$273.57, a reversal from a 9.7% increase in 2019. Likewise, the number of room nights sold reduced by 21.0%, contributing to a 14.8 percentage points narrowing in the average hotel occupancy rate to 63.2%.

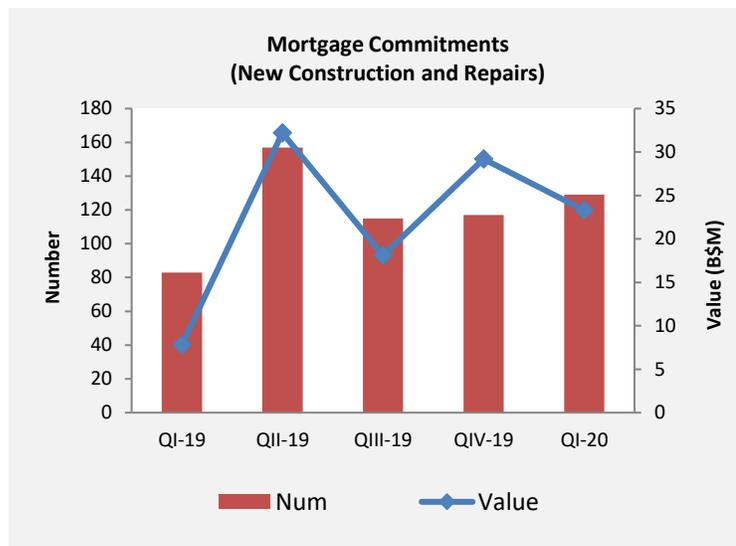
In the private vacation rental market, data from AirDNA revealed that the demand for off-resort business persisted during the first quarter of 2020, despite ongoing concerns surrounding the global health pandemic. Specifically, total room nights sold rose by 13.4%, relative to the same period in 2019. An analysis by rental category showed that bookings for hotel comparable listings grew by 30.2% year-on-year, and by 11.5% for entire place listings. Further, the average occupancy rate for entire place listings edged up by a 0.7 percentage point to 52.5% over the first quarter of 2019, as the average daily room rate decreased by 3.0% to \$383.41. Conversely, the average occupancy rate for hotel comparable listings declined by 0.6 percentage points to 54.2%, with the average daily room rate reducing by 6.5% to \$151.49.

Reflective of the start of border closures in March, data provided by the Nassau Airport Development Company Limited (NAD) showed that total departures—net of domestic passengers—fell by 13.8%, contrasting with a 22.0% increase last year. Underpinning this outturn was a 14.3% falloff in the dominant U.S. departures, overturning the 23.8% gain a year earlier. Similarly, non-U.S. international departures declined by 11.3%, after growing by 13.2% in 2019.

**CONSTRUCTION**

Construction sector output during the first quarter continued to be dominated by a number of ongoing, varied-scaled, foreign investment projects in both the capital and Family Islands. However, domestic-financed activity remained relatively subdued over the three-month period.

On the domestic side, total mortgage disbursements for new construction and repairs—as reported by banks, insurance companies and the Bahamas Mortgage Corporation—reduced by 16.3% (\$5.2 million) to \$26.6 million, a turnaround from the prior year’s growth of 28.1%. The dominant residential component contracted by 16.7% to \$26.0 million. In contrast, commercial disbursements rose by 5.9% to \$0.6 million.



Compared to the same period in 2019, total mortgage commitments for new buildings and repairs—a forward-looking indicator of domestic activity—grew in number by 46 to 129, while the corresponding value increased more than three-fold (\$7.8 million) to \$23.4 million. Disaggregated by loan category, the number of un-disbursed approvals for the residential component rose by 43 to 125, with the associated value more than doubled to \$21.7 million. In addition, 4 commercial commitments were approved, valued at \$1.6 million, compared to 1, valued at an estimated \$0.04 million in the previous year.

With regard to interest rates, the average financing costs for commercial mortgages narrowed by 1.8 percentage points to 5.25%. Further, the average rate for residential mortgages softened by 10 basis points to 6.79%.

## PRICES

In line with the comparatively lower international oil prices, domestic energy costs declined during the review quarter. Specifically, the average cost of diesel decreased by 2.2% to \$4.23 per gallon over the three-month period, and edged down by 0.3% in comparison to the same period of 2019. Similarly, the average price of gasoline fell by 1.0% to \$4.51 per gallon; however, on an annual basis, the average cost rose by 6.1%. In addition, the Bahamas Power & Light’s (BPL) fuel charge reduced by 5.6% to 15.56 cents per kilowatt hour (kWh) over the three-month period. Further, year-on-year fuel charge contracted by 18.8%.

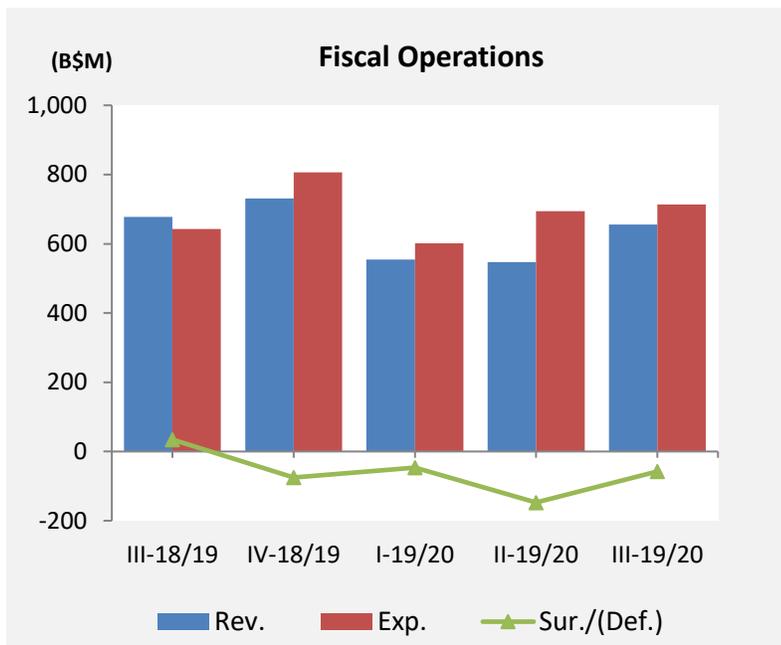
## FISCAL OPERATIONS

### OVERVIEW

Preliminary data on the Government’s budgetary operations for the third quarter of FY2019/20 showed that the fiscal position reversed to a deficit of \$57.6 million, from a modest surplus of \$34.5 million in the comparable period of FY2018/19. The outturn largely reflected the disruption in economic activities from Hurricane Dorian, which led growth in aggregate expenditure, by \$70.3 million (10.9%) to \$713.2 million and a \$21.8 million (3.2%) reduction in total revenue to \$655.6 million.

### REVENUE

Tax receipts—which comprised 85.1% of total revenue—contracted by \$64.3 million (10.3%) to \$557.6 million, due overall to some revenue reclassification to the non-tax category and a moderation in taxable economic activities.



Timing-related factors led to a decrease of \$1.3 million (10.0%) in collections from specific taxes—mainly gaming—to \$11.4 million. Also taxes on the use of goods reduced by \$52.3 million (11.5%) to \$403.5 million, mainly reflecting the reclassification of bank & trust companies to the reimbursements and repayments category under non-tax revenue. The latter also impacted receipts from business licensing fees, which fell by \$11.7 million (14.1%) to \$71.3 million. Similarly motor vehicle taxes, declined by \$5.6 million (45.3%) to \$6.8 million; company taxes, by \$2.5 million (20.7%) to \$9.6 million; and property taxes, by \$7.7 million (13.2%) to \$51.0 million.

In terms of the remaining categories, taxes on international trade contracted by \$4.2 million (4.0%) to \$101.9 million, as the closure of borders due to COVID-19 led to a falloff in departure taxes, by \$4.4 million (8.8%) to \$45.2 million. Further, export taxes reduced by \$1.8 million (36.2%), to \$3.2 million and general stamp taxes edged down by \$0.1 million (4.3%) to \$1.2 million. In contrast, receipts from customs & other import duties rose by \$2.0 million (3.8%) to \$53.5 million. Also, excise taxes increased by \$2.9 million (5.6%) to \$55.0 million.

Impacted by policy shifts, proceeds from stamp taxes on financial and realty transactions declined by \$28.6 million (53.0%) to \$25.3 million, attributed to the reclassification of such levies to the value-added taxes (VAT) category. As such, VAT—which represented 34.1% of total revenue—increased by \$19.8 million (9.7%) to \$223.4 million.

Non-tax revenue—at 14.9% of the total—grew by \$42.5 million (76.5%) to \$98.0 million. The outturn was partly attributed to a surge in receipts from reimbursements & repayments to \$39.4 million, from a muted \$0.1 million, due to the reclassification of inflows from banks and trust companies. Also noteworthy, property income advanced to \$14.9 million from \$0.9 million, associated with a rise in

| Government Revenue By Source<br>(Jan - Mar.) |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
|  | FY18/19      |              | FY19/20      |              |
|  | B\$M         | %            | B\$M         | %            |
| Property Tax                                 | 58.7         | 8.7          | 51.0         | 7.8          |
| Value Added Tax                              | 203.6        | 30.1         | 223.4        | 34.1         |
| Stamp Taxes (Financial & Realty)             | 53.9         | 8.0          | 25.3         | 3.9          |
| Excise Tax                                   | 52.1         | 7.7          | 55.0         | 8.4          |
| Specific Taxes (Gaming Tax)                  | 12.7         | 1.9          | 11.4         | 1.7          |
| Motor Vehicle Taxes                          | 12.4         | 1.8          | 6.8          | 1.0          |
| Company Taxes                                | 12.1         | 1.8          | 9.6          | 1.5          |
| License to Conduct Specific Bus. Act.        | 83.0         | 12.3         | 71.3         | 10.9         |
| Marine License Activities                    | 0.6          | 0.1          | 0.6          | 0.1          |
| Bank & Trust Companies                       | 25.3         | 3.7          | --           | --           |
| Customs & Other Import Duties                | 51.6         | 7.6          | 53.5         | 8.2          |
| Taxes on Exports                             | 5.0          | 0.7          | 3.2          | 0.5          |
| Departure Taxes                              | 49.5         | 7.3          | 45.2         | 6.9          |
| Other Taxes on Transactions                  | 0.1          | 0.0          | 0.0          | 0.0          |
| General Stamp Taxes                          | 1.3          | 0.2          | 1.2          | 0.2          |
| Property Income                              | 0.9          | 0.1          | 14.9         | 2.3          |
| Sales of Goods & Services                    | 52.8         | 7.8          | 39.6         | 6.0          |
| Fines, Penalties & Forfeits                  | 1.0          | 0.1          | 2.1          | 0.3          |
| Reimbursements & Repayments                  | 0.1          | 0.0          | 39.4         | 6.0          |
| Misc. & Unidentified Revenue                 | 0.4          | 0.1          | 2.0          | 0.3          |
| Sales of Other Non-Financial Assets          | 0.4          | 0.1          | 0.1          | 0.0          |
| Grants                                       | --           | --           | --           | --           |
| Capital Revenue                              | --           | --           | --           | --           |
| <b>Total</b>                                 | <b>677.4</b> | <b>100.0</b> | <b>655.6</b> | <b>100.0</b> |

revenue from Government property. Proceeds from fines, penalties & forfeitures doubled to \$2.1 million, while income from “miscellaneous” & unidentified taxes increased to \$2.0 million from \$0.4 million, a year earlier. However, revenue from the sale of goods & services decreased by \$13.2 million (25.0%) to \$39.6 million, amid a falloff in collections from immigration fees.

#### **EXPENDITURE**

The growth in total expenditure was led by a \$36.7 million (6.2%) rise in current spending to \$631.6 million, along with a \$33.6 million (69.9%) increase in capital outlays to \$81.6 million, largely associated with unplanned spending related to hurricane recovery efforts.

An analysis by economic category, revealed that the expansion in current spending was underpinned by a marked increase in other “miscellaneous” payments by \$26.3 million (55.6%) to \$73.6 million, attributed to a timing-related hike in health insurance premium payments, which offset the decline in current transfers. In addition, employee compensation outlays grew by \$19.2 million (11.1%) to \$192.6 million. Further, subsidies rose by \$9.9 million (9.7%) to \$113.0 million, explained by higher allocations to a utility company. Interest payments on debt rose by \$1.5 million (1.9%) to \$76.9 million, due mainly to a rise in Bahamian dollar costs. Likewise, disbursements for social benefits edged up by \$0.9 million (2.2%) to \$44.1 million, reflecting in part higher pension & gratuity payments. Providing some offset, spending for the use of goods and services reduced by \$18.5 million (12.5%) to \$128.7 million, while grants fell by \$2.7 million (50.3%) to \$2.6 million.

The growth in capital outlays largely reflected an expansion in capital transfers to \$28.9 million from \$5.5 million in the prior year, associated with unplanned hurricane-related spending. Similarly, the acquisition of non-financial assets advanced by \$10.2 million (24.0%) to \$52.7 million, occasioned by a considerable increase in fixed assets.

#### **FINANCING AND THE NATIONAL DEBT**

Budgetary financing for the third quarter of FY2019/20, was obtained primarily from internal sources, which consisted of \$207.0 million in loans & advances, \$135.6 million in Government securities and \$26.2 million in net Treasury bill/notes issues. Further, external funding amounted to \$55.0 million. Debt repayments for the period totaled \$261.9 million, with the largest portion (94.4%) being utilized to retire Bahamian dollar debt.

As a result of these developments, the Direct Charge on the Government rose by \$158.0 million (2.0%) over the quarter and by \$414.3 million (5.5%) on an annual basis, to \$7,891.3 million at end-March, 2020. A disaggregation by component, revealed that Bahamian dollar debt represented 66.4% of the total, while foreign currency liabilities accounted for the remaining 33.6%.

By creditor grouping, banks held the largest share of local debt (44.6%), followed by “other” private and institutional investors (38.7%), public corporations (11.2%) and the Central Bank (5.5%). By instrument type, Government bonds comprised the majority of the domestic debt (71.5%) and featured an average maturity of 9.8 years, compared to 8.8 years recorded in 2019. In addition, Treasury bills & notes and loans & advances accounted for smaller shares of 17.9% and 10.6%, respectively

The Government’s contingent liabilities reduced by \$6.1 million (0.8%) during the first quarter of 2020, and by \$21.1 million (2.9%), year-on-year to \$717.8 million. As a consequence, the National Debt—inclusive of contingent liabilities—expanded by \$151.9 million (1.8%) over the three-month period and by \$393.2 million (4.8%), vis-à-vis March 2019, to \$8,609.1 million.

As a ratio to GDP, the Direct Charge rose by an estimated 11 basis points on a yearly basis, to 69.5% at end-March. In addition, the National Debt-to-GDP ratio firmed to an estimated 75.8%, compared to 64.1% in the same quarter of 2019.

| Estimates of the Debt-to-GDP Ratios |                   |                   |                   |
|-------------------------------------|-------------------|-------------------|-------------------|
| March (%) <sup>1</sup>              |                   |                   |                   |
|                                     | 2018 <sub>p</sub> | 2019 <sub>p</sub> | 2020 <sub>p</sub> |
| <b>Direct Charge</b>                | 58.0              | 58.3              | 69.5              |
| <b>National Debt</b>                | 63.7              | 64.1              | 75.8              |
| <b>Total Public Sector Debt</b>     | 66.3              | 67.1              | 78.8              |

Source: The Central Bank of The Bahamas and the Department of Statistics

GDP estimates for 2019 & 2020 are derived from IMF projections.

<sup>1</sup> In the absence of actual quarterly GDP data, the ratios presented should be taken as broad estimates of the relevant debt ratios and are therefore subject to revision.

### **PUBLIC SECTOR FOREIGN CURRENCY DEBT**

The public sector foreign currency debt grew by \$24.9 million (0.7%) to \$3,500.9 million during the first quarter, as new drawings of \$55.0 million, outstripped amortization payments of \$26.2 million. On an annual basis, public sector foreign currency debt obligations increased by \$38.9 million (1.1%). By component, the Government's liabilities—which accounted for 75.8% of the total—rose by \$36.4 million (1.4%) to \$2,654.1 million, on a quarterly basis. In contrast, the public corporations' debt stock declined by \$11.5 million (1.3%) to \$846.8 million.

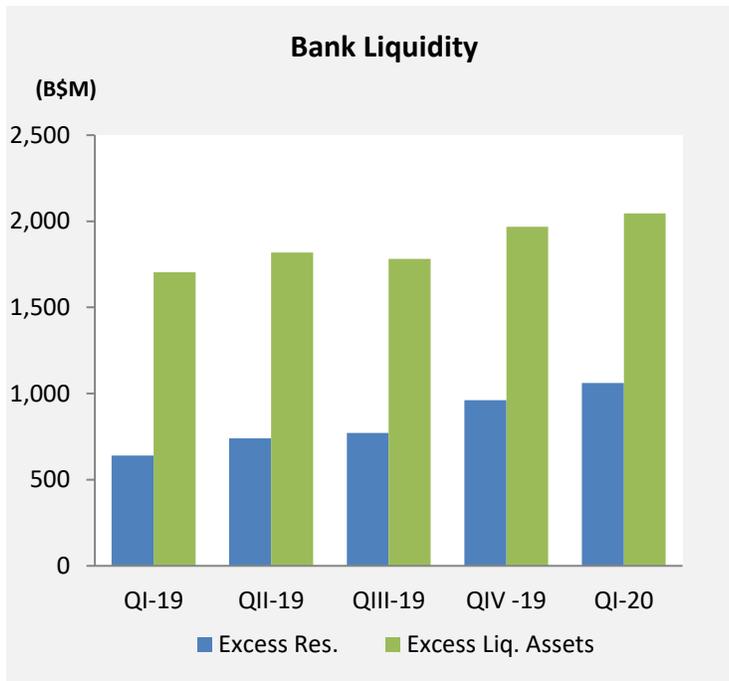
Relative to the same quarter of 2019, total foreign debt service payments reduced by \$24.4 million (29.5%) to \$58.5 million. The outturn was due largely to a \$21.4 million contraction in the Government's component to \$34.7 million, as amortization payments decreased by \$19.5 million (57.0%) to \$14.7 million and interest charges fell by \$1.9 million to \$20.1 million. Further, the public corporations' debt service payments lessened by \$3.0 million to \$23.7 million, as interest charges declined by \$3.0 million (19.8%), while amortization payments held steady at \$11.5 million. As a consequence of these developments, the Government's debt service to revenue ratio stood at 5.3% at end-March, a decline of 3.0 percentage points over the previous year, while the debt service ratio narrowed to 5.6% from 6.3% in 2019.

A disaggregation by creditor profile showed that the majority of the foreign currency debt was held by capital market investors (47.1%), followed by non-resident financial institutions (30.7%), multilateral institutions (10.2%), domestic banks (10.0%) and bilateral institutions (2.0%). A breakdown by currency type revealed that, the bulk of the stock was denominated in United States dollars (87.3%), with smaller portions in the Swiss franc (5.9%), euro (4.8%) and the Chinese yuan (2.0%). At end-March, the average maturity of the outstanding foreign currency debt stood at 8.8 years, a decrease from the 9.3 years recorded in 2019.

## **MONEY, CREDIT AND INTEREST RATES**

### **OVERVIEW**

Monetary developments, during the first quarter, featured deposit base expansion that contrasted with a decline in domestic credit, with deposit gains led by the receipt of re-insurance proceeds. As a result, robust growth was registered in both liquidity and external reserves. However, banks' credit quality indicators weakened slightly. Meanwhile, the most recent profitability indicators available for the fourth quarter of 2019, showed that banks overall net income grew, as gains in income from interest earned and commissions & foreign exchange fees, outpaced the rise in operating outlays. As it relates to interest rate developments, the weighted average interest rate spread widened over the first quarter, due to an increase in the average loan rate, while the corresponding average deposit rate fell.



#### LIQUIDITY

Net free cash reserves of the banking system expanded by \$99.6 million (10.4%) to \$1,061.1 million during the review quarter, extending the year earlier increase of \$37.5 million (6.2%). At end-March, the ratio of free cash reserves to Bahamian dollar deposit liabilities stood at 14.4%, up from 9.6% in the previous year. Similarly, the broader surplus liquid assets rose by \$78.9 million (4.0%) to \$2,046.3 million, albeit lower than last year's \$170.2 million (11.1%) growth, underpinned by a rise in banks' balances at the Central Bank, and holdings of Treasury bills. At end-March, the level of surplus liquid assets exceeded the statutory minimum by approximately 157.6%, relative to 148.3% in March 2019.

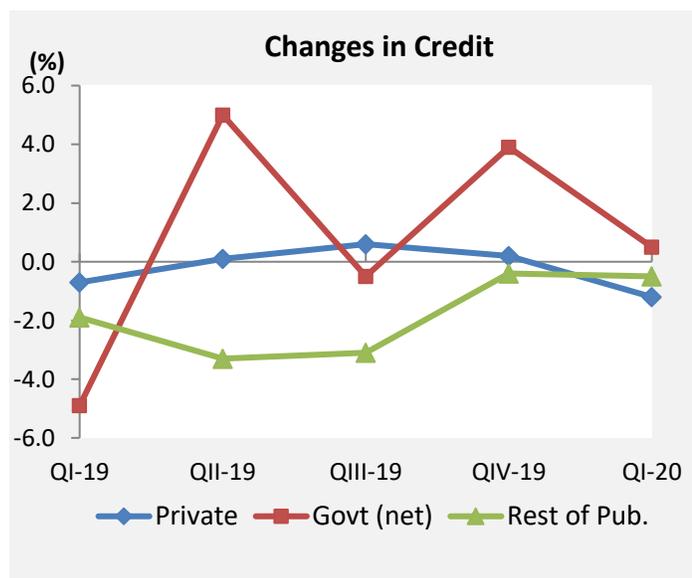
#### DEPOSITS AND MONEY

The overall money supply (M3) grew by \$253.3 million (3.1%) to \$8,146.3 million, following a buildup of \$107.1 million (1.5%) in 2019. By component, accretions to narrow money (M1) accelerated to \$236.0 million (6.8%), from \$28.9 million (1.1%) in the preceding period. Underlying this outturn was a sharp increase in demand deposits to \$226.8 million (7.2%) from \$23.4 million (1.0%) a year earlier, owing largely to gains in both public and private placements. Similarly, currency in active circulation rose by \$9.2 million (2.7%), extending the \$5.5 million (1.8%) growth in 2019. Further, the expansion in broad money (M2) quickened to \$234.1 million (3.1%), from \$53.3 million (0.8%) a year earlier. This included a private sector-led increase in savings deposits to \$94.3 million (5.4%), from \$49.5 million (3.5%) last year. In a partial offset, the decline in fixed balances widened to \$96.1 million (4.1%), from \$25.1 million (1.0%) in the previous year. Meanwhile, growth in residents' foreign currency deposits slowed to \$19.2 million (3.2%), from \$53.8 million (13.4%) in the prior period.

A disaggregation by category showed that Bahamian dollar demand deposits constituted the largest share of the aggregate money stock (38.5%), followed by fixed balances (28.5%) and savings deposits (21.3%). Smaller shares were held for residents' foreign currency deposits (7.5%) and currency in active circulation (4.2%).

#### DOMESTIC CREDIT

During the first quarter, the contraction in total domestic credit moderated to \$62.4 million (0.7%) from \$176.8 million (2.0%) in the same period of 2019; and relative to an average



**Distribution of Bank Credit By Sector**  
(End-March)

|                    | 2020           |              | 2019           |              |
|--------------------|----------------|--------------|----------------|--------------|
|                    | B\$M           | %            | B\$M           | %            |
| Agriculture        | 5.0            | 0.1          | 3.4            | 0.1          |
| Fisheries          | 1.0            | 0.0          | 1.2            | 0.0          |
| Mining & Quarrying | 2.2            | 0.0          | 1.5            | 0.0          |
| Manufacturing      | 37.8           | 0.6          | 38.3           | 0.6          |
| Distribution       | 241.8          | 3.5          | 252.9          | 3.8          |
| Tourism            | 13.9           | 0.2          | 10.4           | 0.2          |
| Enter. & Catering  | 19.0           | 0.3          | 48.0           | 0.7          |
| Transport          | 32.9           | 0.5          | 37.7           | 0.6          |
| Construction       | 312.9          | 4.6          | 288.9          | 4.4          |
| Government         | 840.6          | 12.3         | 573.0          | 8.6          |
| Public Corps.      | 204.3          | 3.0          | 241.4          | 3.6          |
| Private Financial  | 25.1           | 0.4          | 23.7           | 0.4          |
| Prof. & Other Ser. | 55.5           | 0.8          | 43.6           | 0.7          |
| Personal           | 4,951.8        | 72.4         | 4,952.5        | 74.7         |
| Miscellaneous      | 96.5           | 1.4          | 110.1          | 1.7          |
| <b>TOTAL</b>       | <b>6,840.3</b> | <b>100.0</b> | <b>6,626.6</b> | <b>100.0</b> |

decrease of 2.0% over a five-year period. In particular, the Bahamian dollar component—which comprised the majority (96.0%) of the total—fell by \$3.7 million, but was markedly lower than the \$158.6 million (1.9%) reduction last year. In contrast, the falloff in foreign currency credit extended to \$58.7 million (14.0%) from \$18.2 million (4.6%) a year earlier.

From a sectoral perspective, private sector credit fell by \$72.6 million (1.2%), exceeding the \$43.5 million (0.7%) decline in the previous year. Conversely, net credit to the Government grew by \$12.5 million (0.5%), a reversal from a \$124.2 million (4.9%) reduction in the prior year, and an average decrease of 1.9% registered over a five-year period. Further, the decrease in credit to the rest of the public sector slowed to \$2.3 million (0.5%), from \$9.1 million (1.9%) in 2019.

A decomposition of the various private sector categories showed that personal loans—

which represented the largest share of the total (72.4%)—firmed by \$8.4 million (0.2%), contrasting with a \$31.2 million (0.6%) contraction a year earlier, and an average decline of 0.4% over the last five years. Underpinning this outturn, consumer credit rose by \$23.3 million (1.1%), overshadowing reductions in residential mortgages and overdrafts of \$10.2 million (0.4%) and \$5.2 million (10.9%), respectively.

A detailed breakdown of consumer credit revealed that net lending expanded for “miscellaneous” purposes (\$18.0 million), travel (\$3.9 million), home improvement (\$3.0 million), private cars (\$2.9 million) and debt consolidation (\$2.2 million). In addition, more muted increases of less than \$1.0 million occurred for land purchases, medical purposes, furnishings & domestic appliances and commercial vehicles. Conversely, net repayments were registered for credit cards (\$7.7 million) and education (\$0.7 million).

The other components of private credit contracted on average. Outstanding balances were reduced for distribution (\$36.1 million), entertainment & catering (\$33.7 million), transport (\$7.7 million), professional & “other” services (\$3.6 million), manufacturing (\$1.9 million), fisheries (\$1.4 million) and “miscellaneous” purposes (\$1.3 million). In contrast, gains were posted for construction (\$5.9 million), and agriculture (\$1.1 million).

### **MORTGAGES**

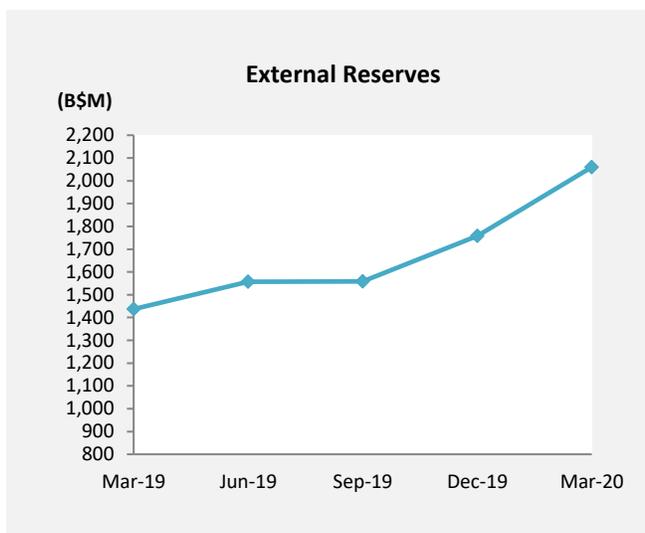
According to data provided by banks, insurance companies and the Bahamas Mortgage Corporation, the total value of outstanding mortgages decreased during the quarter, by \$17.1 million (0.6%) to \$3,001.1 million, extending the \$11.0 million (0.4%) falloff in 2019. Contributing to this outturn, the residential component—which comprised 94.2% of the total—reduced further by \$11.4 million (0.4%), from \$1.7 million (0.1%) in the prior period, for an ending balance of \$2,827.0 million. In addition, commercial balances declined by \$5.7

million (3.2%) to \$174.1 million; albeit lower than the \$9.3 million (5.1%) reduction a year earlier. At end-March, domestic banks held the majority of outstanding mortgages (87.9%), followed by insurance companies (6.5%) and the Bahamas Mortgage Corporation (5.6%).

### THE CENTRAL BANK

The Central Bank’s net claims on the Government contracted by \$178.6 million (45.1%) to \$217.3 million during the first quarter, following a \$188.2 million (37.4%) decline in the previous year. Contributing to this outturn were reductions in Treasury bill holdings and loans and advances.

In contrast, the Bank’s net liabilities to the rest of the public sector rose by \$27.2 million (63.9%), vis-à-vis a \$42.3 million (63.2%) decline in 2019, owing largely to a rise in deposits. In addition, the Bank’s net liabilities to commercial banks grew by \$70.1 million (5.0%) to \$1,459.5 million, although lower than the \$102.4 million (10.9%) growth a year earlier, reflecting gains in deposits, which offset the falloff in notes and coins in circulation.



Buoyed by foreign currency inflows from re-insurance receipts, external reserves expanded by \$301.9 million (17.2%) to \$2,060.0 million, surpassing the prior year’s increase of \$240.6 million (20.1%). Underlying this development, the Bank’s net foreign currency purchases rose by \$147.6 million (63.6%) to \$379.7 million, as net sales to public corporations reduced considerably to \$6.4 million from \$115.3 million a year ago. Further, the net intake from commercial banks grew by \$40.6 million (12.7%) to \$360.7 million. In a modest offset, net purchases from the Government edged down by \$1.8 million (6.5%) to \$25.4 million.

At end-March, the stock of external reserves was equivalent to an estimated 32.2 weeks of the current year’s merchandise imports (inclusive of oil purchases), relative to 21.4 weeks in the corresponding period of 2019. After adjusting for the 50% statutory requirement on the Central Bank’s Bahamian dollar demand liabilities, “usable” reserves stood \$367.7 million (51.8%) higher, at \$1,077.6 million, compared to the same period last year.

### DOMESTIC BANKS

Attributed to a rise in credit and foreign securities, domestic banks net foreign assets almost tripled to \$97.4 million end-March, following a net foreign liability of \$47.8 million last year.

Domestic banks’ credit expanded by \$116.2 million (1.4%), outpacing an \$11.8 million (0.1%) accretion in 2019. Specifically, underpinned by a rise in loans & advances and holding of Treasury bills, net claims on the Government rose by \$191.1 million (8.6%), extending the \$64.0 million (3.1%) growth in the preceding year. In contrast, the reduction in private sector credit accelerated to \$72.6 million (1.2%), from \$43.5 million (0.7%) a year earlier. Similarly, credit to public corporations fell by \$2.3 million (0.5%), lower than the \$8.7 million (1.8%) contraction last year.

Banks’ total deposit liabilities—inclusive of Government balances—grew by \$319.4 million (4.2%) to \$7,976.4 million, extending the \$189.5 million (2.7%) expansion recorded in 2019. Private sector deposit gains nearly doubled to \$228.1 million (3.2%), while the growth in the Government’s balances slowed moderately to \$32.0

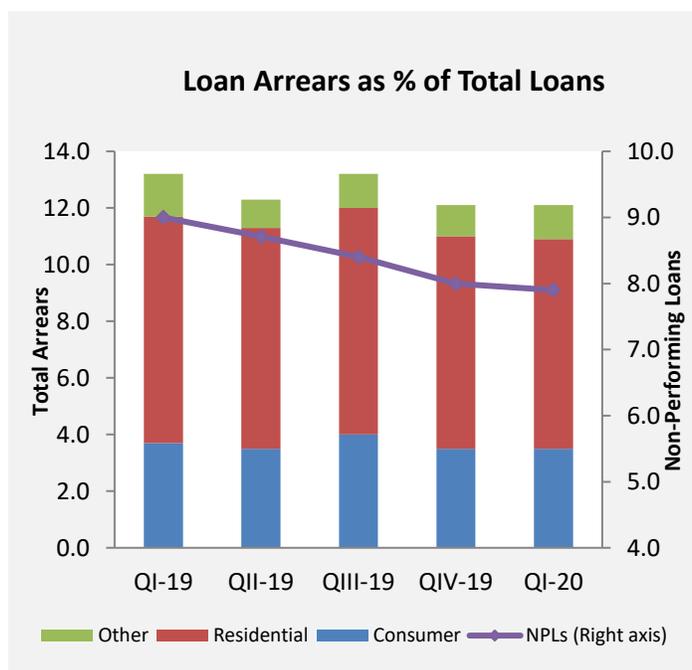
million (14.5%). Conversely, deposits of public corporations fell by \$11.2 million (2.8%), a turnaround from a \$24.7 million (5.8%) buildup in 2019.

At end-March, the majority of banks' deposit liabilities remained denominated in Bahamian dollars (92.3%), with the US dollars and other "miscellaneous" currencies representing smaller proportions of 7.6% and 0.1%, respectively. A breakdown by holder, showed that private individuals held the largest share (49.6%) of total local currency accounts, followed by business firms (30.6%), the public sector (8.3%), private financial institutions (6.7%) and "other" miscellaneous entities (4.8%).

Disaggregated by deposit type, demand deposits comprised the largest share (43.7%) of accounts, followed by fixed (32.7%) and savings (23.5%) balances. Analyzed by range of value and number, the majority of accounts (89.8%), held Bahamian dollar balances of \$10,000 or less, and constituted only 6.5% of the total value. Accounts with balances between \$10,000 and \$50,000 comprised 8.7% of the total number and 11.8% of the overall value, while deposits in excess of \$50,000 represented only 4.3% of the total, but a dominant 88.7% of the aggregate value.

### CREDIT QUALITY

Banks' credit quality indicators deteriorated slightly during the review quarter, but remained improved on an annual basis. Specifically, total private sector loan arrears edged up by \$1.6 million (0.2%) over the three-month period, but declined by \$54.5 million (7.3%) on an annual basis, to \$687.9 million. The resulting ratio of arrears to total private sector loans firmed by 4 basis points on a quarterly basis, but fell by 1.0 percentage point year-on-year, to 12.2%.



A disaggregation by the age of delinquencies, showed that over the quarter, short-term (31-90 days) arrears grew by \$7.7 million (3.3%) to \$240.0 million, raising the attendant ratio by 14 basis points, to 4.2% of total private sector loans. In contrast, the non-performing segment—arrears in excess of 90 days and on which banks have ceased accruing interest—reduced by \$6.1 million (1.3%) to \$447.9 million, resulting in a 10 basis points narrowing in the relevant ratio, to 7.9% of total private sector loans.

The marginal increase in total private sector loan arrears, over the quarter, was led by a \$3.6 million (5.6%) growth in the commercial component, to \$68.2 million, with the associated ratio moving higher by 58 basis points, to 8.4%. In addition, consumer arrears rose by \$1.3 million (0.7%), to \$199.8 million,

with the corresponding ratio steadied at 8.9%. In contrast, the mortgage segment—at 61.0% of the total—decreased by \$3.3 million (0.8%) to \$419.9 million, contributing to a 5 basis points decline in the attendant ratio to 16.1%.

Banks decreased their total provisions for loan losses by \$5.6 million (1.3%), to \$423.1 million during the review quarter. As a result, the ratio of provisions to total arrears declined by 96 basis points to 61.5%, while the ratio of provisions to non-performing loans edged up by 3 basis points, to 94.5%. Further, banks wrote-off an estimated \$20.3 million in delinquent loans and recovered approximately \$8.8 million, over the three-month period.

### CAPITAL ADEQUACY

Banks maintained robust capital levels over the review period, despite a reduction in the average ratio of capital to risk-weighted assets, of 0.7 percentage points to 28.8%. This stayed well in excess of the regulatory prescribed target and trigger ratios of 17.0% and 14.0%, respectively.

### BANK PROFITABILITY

During the fourth quarter of 2019—the latest available data—banks’ overall profitability grew by \$2.3 million (3.9%) to \$59.8 million in comparison to the corresponding period of the prior year. The net interest margin rose by \$5.2 million (4.0%) to \$137.3 million, as interest income increased by \$5.1 million (3.5%) to \$149.3 million, while interest expense edged down by \$0.2 million (1.5%) to \$12.0 million. In addition, commission & foreign exchange income almost doubled to \$14.1 million from \$7.7 million, resulting in an \$11.7 million (8.4%) expansion in the gross earnings margin, to \$151.4 million.

With regard to expenditure, banks’ aggregate operating outlays rose by 4.6% to \$99.0 million, as occupancy costs more than doubled, to \$14.2 million from \$6.6 million. In a partial offset, non-staff operating costs— inclusive of professional and rental expenses—decreased by 3.9% to \$46.2 million, while staff-related expenses fell by 3.3% to \$38.6 million. Further, banks net income on their “non-core” activities contracted by \$5.1 million (40.8%), to \$7.4 million, as provisions for bad debt rose by 41.5%, to \$40.5 million, outstripping the 14.9% rise in other “non-interest” earnings, to \$50.9 million, and the 5.2% reduction in depreciation costs, to \$3.0 million.

As a result of these developments, banks’ overall profitability relative to average assets fell by 3 basis points to 2.25%. The gross earnings margin firmed by 17 basis points to 5.71%, as the commission & foreign exchange ratio rose by 23 basis points, to 0.53%, overshadowing the 6 basis points narrowing in the interest margin ratio, to 5.18%. In addition, the operating costs ratio edged down by 2 basis points to 3.74%, contributing to a 19 basis points increase in the net earnings margin ratio, to 1.97%. However, a rise in bad debt provisioning, reduced the net contribution from “other” non-fee income sources by 22 basis points to 0.28%.

### INTEREST RATES

During the first quarter, the weighted average interest rate spread at commercial banks widened by 50 basis points, to 10.41 percentage points. Underlying this development, the weighted mean

| Banking Sector Interest Rates  |             |              |              |
|--------------------------------|-------------|--------------|--------------|
| Period Average (%)             |             |              |              |
|                                | Qtr. I      | Qtr. IV      | Qtr. I       |
|                                | <u>2019</u> | <u>2019</u>  | <u>2020</u>  |
| <b>Deposit Rates</b>           |             |              |              |
| Demand Deposits                | 0.27        | 0.50         | 0.59         |
| Savings Deposits               | 0.51        | 0.33         | 0.38         |
| Fixed Deposits                 |             |              |              |
| Up to 3 months                 | 0.49        | 0.29         | 0.26         |
| Up to 6 months                 | 0.71        | 0.49         | 0.34         |
| Up to 12 months                | 0.72        | 0.55         | 0.59         |
| Over 12 months                 | 0.95        | 0.91         | 0.83         |
| <b>Weighted Avg. Dep. Rate</b> | <b>0.68</b> | <b>0.53</b>  | <b>0.41</b>  |
| <b>Lending Rates</b>           |             |              |              |
| Residential mortgages          | 4.90        | 4.82         | 5.28         |
| Commercial mortgages           | 6.75        | 7.25         | 9.25         |
| Consumer loans                 | 12.38       | 12.79        | 12.94        |
| Other Local Loans              | 10.30       | 9.37         | 10.52        |
| Overdrafts                     | 9.20        | 11.10        | 11.99        |
| <b>Weighted Avg. Loan Rate</b> | <b>9.66</b> | <b>10.44</b> | <b>10.82</b> |

lending rate rose by 38 basis points to 10.82%, while the weighted average deposit rate declined by 12 basis points to 0.41%.

In terms of deposit rates, the average range of interest offered on fixed balances narrowed to 0.26%–0.83% from 0.29%–0.91% in the previous quarter. In contrast, average rates on demand and savings deposits increased by 9 basis points to 0.59%, and by 5 basis points to 0.38%, respectively.

With regard to lending, the average rates for commercial mortgages and overdrafts rose by 2.0 and 0.9 percentage points, to 9.25% and 11.99%, respectively. Further, residential mortgages and consumer loans moved higher by 46 and 15 basis points, to 5.28% and 12.94%, respectively.

Among other key interest rates, the average Treasury bill rate increased by 4 basis points to 1.73%. Meanwhile, the Central Bank’s Discount rate and commercial banks’ Prime rate were unchanged at 4.00% and 4.25%, respectively.

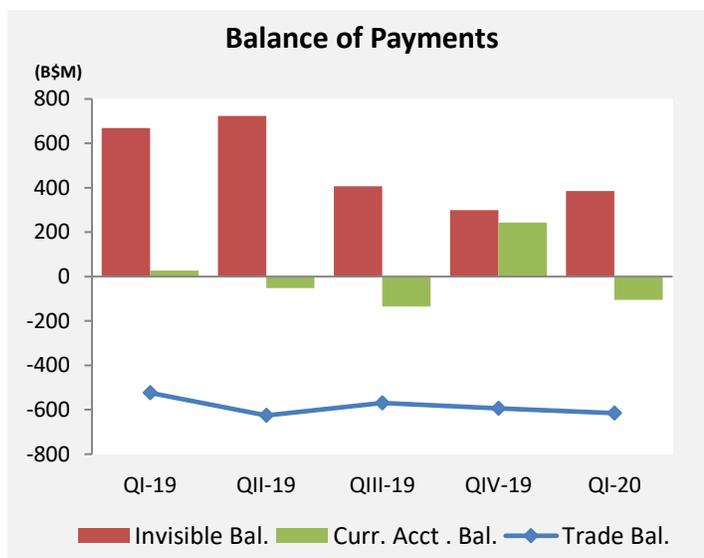
### CAPITAL MARKET DEVELOPMENTS

Domestic capital market developments were subdued during the first three months of the year. In particular, the volume of shares traded on the Bahamas International Securities Exchange (BISX) reduced further by 36.2% to 1,450,402, year-on-year, after decreasing by 14.3% in 2019. Consequently, the aggregate value of shares traded contracted by 19.7% (\$1.9 million), to \$7.9 million, relative to a decline of 26.5% in the previous year. In addition, the BISX All Share Price Index fell by 5.1% to 2,117.17 points over the quarter, contrasting with a marginal increase of 0.5% in 2019. Market capitalization stabilized at \$5.3 million, vis-à-vis a gain of 4.5% a year earlier.

In terms of market participants, as at end-March, the number of publicly traded securities listed on the exchange fell by 1 to 37, and comprised 19 ordinary shares, 7 preference shares and 11 debt tranches.

### INTERNATIONAL TRADE AND PAYMENTS

Based on provisional data for the first quarter of 2020, the estimated current account balance reversed to a deficit of \$104.8 million, from a modest surplus of \$26.9 million in the corresponding period of 2019. Contributing to this outturn was a sharp decrease in the services account surplus, along with a rise in the merchandise trade deficit and higher net income outflows. In contrast, the capital and financial account recorded a surplus of \$137.1 million, vis-à-vis a deficit of \$14.2 million in 2019, mainly reflecting a shift in “other investments” balance to a net receipt from a net outflow, combined with a rise in net direct investment inflows.



The estimated merchandise trade deficit rose by \$91.6 million (17.5%) to \$615.2 million, owing to a \$124.1 million (18.3%) increase in imports, which outstripped the \$32.5 million (21.1%) growth in exports to \$186.8 million. A disaggregation of trade flows showed that net imports of non-oil merchandise grew by \$114.4 million (27.9%) to \$523.9 million. In contrast,

payments for fuel imports reduced by \$30.9 million (18.4%) to \$136.9 million, attributed in part to a falloff in international oil prices. In terms of the fuel type, average per barrel price declines were registered for jet fuel, by 18.6% to \$71.29; propane gas, by 18.0% to \$43.48 and gas oil, by 3.8% to \$78.25. In contrast, the costs for aviation gas moved higher by 20.2% to \$149.92 and motor gas, by 5.4% to \$67.50.

The estimated services account surplus narrowed considerably by \$282.7 million (42.3%) to \$386.3 million. Specifically, net travel receipts—the largest component of the services account—contracted by \$278.0 million (27.8%) to \$722.5 million, as the spread of COVID-19 and containment measures adversely impacted tourism sector output. Further, net outflows for uncategorized services rose by \$11.2 million (6.9%) to \$175.3 million. In addition, net payments for Government services grew by \$4.6 million (7.0%) to \$70.6 million, explained by a rise in disbursements for resident Government operations. Net receipts related to offshore companies' local expenses also edged down by \$0.1 million (0.1%) to \$58.4 million. Providing some offset, net payments for insurance services declined by \$4.5 million (12.3%) to \$32.3 million, owing primarily to a reduction in non-merchandise insurance outflows. Net outflows for transportation services fell by \$3.1 million (2.8%) to \$106.7 million, due mainly to lower disbursement for passenger services. Further, net payments for construction services and royalty & license fees were lower by \$3.5 million (31.7%) at \$7.4 million and by \$0.2 million (8.1%) at \$2.2 million, respectively.

The estimated deficit on the income account widened by \$14.4 million (12.5%) to \$129.7 million, owing in large measure to a more than two-fold increase in labour income remittances, to \$26.9 million. Further, private companies' net interest and dividend payments edged up by \$0.7 million (0.8%) to \$85.9 million, as repatriations by commercial banks rose by \$3.2 million (14.1%) to \$25.8 million, which outweighed the \$2.5 million (4.0%) decline in remittances by non-bank entities to \$60.1 million. Conversely, net outflows for official transactions fell by \$1.4 million (7.8%) to \$16.8 million, underpinned by a reduction in Government's external debt servicing costs.

Current transfers were reversed to a net receipt of \$254.3 million, from a \$3.1 million net payment in the prior year, largely attributed to re-insurance inflows from claims related to Hurricane Dorian. The outturn was mainly reflected under net "miscellaneous" receipts of \$255.1 million, compared to a net outflow of \$8.9 million in 2019. In contrast, net workers' remittances rose by \$4.4 million (12.4%) to \$39.9 million. Further, Government's net transfer receipts decreased by \$2.2 million (5.4%) to \$39.1 million.

The reversal in the balance on the capital and financial account to a surplus during the review period, was underpinned by a turnaround in debt-financed inflows to a net receipt of \$72.4 million, from a net repayment of \$56.3 million in 2019. Specifically, the public sector recorded a net borrowing of \$45.4 million, vis-à-vis a net payment of \$38.4 million a year earlier. In addition, other private sector "loan-based" financing inflows increased considerably to \$101.8 million from \$58.6 million in the previous year. Further, domestic banks' repayment of net short-term liabilities tapered to \$64.8 million, from \$76.4 million in the prior year.

Net direct investment inflows expanded by \$21.4 million to \$67.5 million. Notably, net equity investment inflows rose markedly to \$35.7 million from \$9.5 million last year, offsetting the \$4.8 million (13.0%) decline in net real estate sales to \$31.8 million. Further, migrants' net transfers abroad decreased were approximately halved to \$1.1 million; while net outward portfolio investment, related to the Bahamas Depository Receipt (BDR) programme stabilized at \$1.8 million.

As a result of these developments, and after making adjustments for net errors and omissions, the surplus on the overall balance, which corresponds to the change in the Central Bank's external reserves, expanded by \$61.5 million (25.6%) to \$301.8 million.

## INTERNATIONAL ECONOMIC DEVELOPMENTS

Indications are that the global economy contracted during the first quarter, with developments dominated by COVID-19 and unfavourable economic forecast. In this environment, labour market conditions deteriorated, while inflation stayed relatively subdued, amid the spread of COVID-19 and containment measures. As a result, all of the major central banks expanded their accommodative monetary policy stance, in an effort to encourage economic growth.

During the first quarter of 2020, major economies faced significant headwinds, owing to the COVID-19 pandemic. Specifically, real GDP in the United States contracted by an annualized rate of 4.8 % in the review quarter, following a 2.1% growth in the prior three-month period, as imposed COVID-19 measures led to reductions in personal consumption, expenditure, non-residential fixed investment, exports and private inventory investment. Similarly, real output in the United Kingdom decreased by an estimated 1.6%, a reversal from a 0.4% uptick in the previous quarter, attributed to a falloff in the services industry. In the Euro Area, economic output fell by 3.8% during the first quarter—the highest level since 1995—exceeding the 0.1% weakening in fourth quarter 2019, underpinned by shutdowns in all member states. In Asia, reflecting the impact of COVID-19, real GDP in China contracted by an annual 6.8% for the January-March period—the first since 1992—vis-à-vis a 6.1% expansion in the prior quarter, amid declines in consumer spending, industrial production, manufacturing and wholesale & retail sales. Likewise, Japan’s economy declined by an annualized rate of 3.4%, contrasting with the 1.9% growth in the previous quarter, as the pandemic resulted in a falloff in exports, private residential investments and household consumption.

Labour market conditions deteriorated for the major economies during the first quarter, amid the spread of COVID-19 and measures to contain it. In the United States, the unemployment rate rose by 30 basis points to an average 3.8% over the fourth quarter, as non-farm payrolls decreased by an estimated 701,000 in March, owing to notably declines in leisure, hospitality, healthcare and social assistance, professional and business services, retail trade and construction sectors. Similarly, the United Kingdom’s jobless rate increased by 10 basis points to 3.9% in the three months to March, with the number of unemployed persons advancing to an estimated 1.4 million. In Asia, China’s unemployment rate moved higher by 2.2 percentage points to 5.8% during the first quarter, while Japan’s jobless rate firmed by 17 basis points to 2.4% over the prior quarter. Conversely, despite the COVID-19 containment measures, the unemployment rate in the euro area fell by 27 basis points to 7.2%.

Average inflation in the major economies remained subdued during the first quarter, attributed to the sharp falloff in global energy prices. In the United States, underpinned by a marked contraction in the energy index, the annualized inflation rate declined to 1.5% in March from 2.3% in the December quarter. Similarly, the United Kingdom’s inflation narrowed by 20 basis points over the previous quarter, to an annualized rate of 1.5% in March, owing to decreases in motor fuels and clothing costs. Further, led by lower energy, food, alcohol & tobacco prices, the euro area’s annualized inflation rate reduced to 0.7% in the review quarter from 1.3% in the prior quarter. In Asia, China’s inflation rate softened by 20 basis points to 4.3% over the prior quarter, due to reductions in food and non-food costs, while in Japan, consumer prices narrowed to an annualized 0.4% in March from 0.8% in the December quarter, largely reflecting a falloff in transport & communication prices.

In the currency market, developments varied during the first quarter of 2020. In particular, the dollar appreciated vis-à-vis the Canadian dollar, by 8.3% to CAD\$1.41 and the British pound, by 6.7% to £0.81. Similarly, the dollar strengthened relative to the euro, by 1.7% to €0.91 and Chinese Yuan, by 1.7% to CNY 7.08, respectively. Conversely, the dollar weakened against the Japanese yen, by 1.0% to ¥107.54 and Swiss Franc, by 0.7% to CHF0.96.

During the first quarter, attributed to the shock from the COVID-19 pandemic, most of the major equity markets recorded losses. Specifically, in the United States, the Dow Jones Industrial Average (DIJA) fell by 23.2%, while, the S&P 500 index declined by 20.0%. Similar outturns were recorded for the European bourses, with the France CAC 40 contracting by 26.5%, while the Germany DAX and United Kingdom's FTSE 100 fell by 25.0% and 24.8%, respectively. For Asian market, Japan's Nikkei 225 decreased by 20.0% and China's SE composite moved lower by 9.8%.

Attributed to the virus containment measures implemented by Governments, which led to a sharp reduction in global demand for oil, average crude oil prices fell by 26.2% over the three-month period to \$50.48 per barrel at end-March. In the precious metals market, the average price of silver decreased by 21.7% to \$14.00 per troy ounce. In contrast, the average cost of gold rose by 4.0% to \$1,577.18 per troy ounce.

Developments in the external sector were mixed during the first quarter. Specifically, in the United States, for the review period, the deficit on the goods and services account narrowed by \$9.6 billion (6.9%) to an estimated \$129.6 billion over the previous quarter, as the 4.0% reduction in imports to \$733.6 billion, outweighed the 3.4% falloff in exports—mainly industrial supplies, automotive vehicles and capital goods—to \$603.8 billion. Similarly, the United Kingdom's trade deficit declined by £1.3 billion (36.1%) to £2.3 billion in the three-months to March 2020, occasioned by a 7.4% falloff in imports to £165.3 billion, which overshadowed the 6.9% decrease in exports to £163.0 billion. However, the trade surplus for the euro area contracted by €18.1 billion (25.2%) to an estimated €53.7 billion over the prior quarter, as the 5.9% reduction in exports, outstripped the 3.3% decline in imports. In Asia, attributed to the impact of the spread of the COVID-19 outbreak, China's trade surplus fell sharply to US\$12.8 billion in the first quarter, from US\$127.0 billion in the preceding quarter, as exports reduced by 17.2% year-on-year in March, a faster pace than 4.0% contraction in imports. Likewise, Japan's trade surplus shrank considerably to ¥7.4 trillion in the three-months to March from ¥519.0 trillion same period last year, with exports declining on average by 7.5%, while imports fell by an average 5.1% during the first quarter.

To counter economic losses from the pandemic, all of the major central banks eased monetary policies during the March quarter. In particular, the US Federal Reserve lowered its target overnight rate to a range of 0.00%-0.25% from 1.50%-1.75% in the fourth quarter of 2019. In addition, the Federal Reserve established a temporary repurchase agreement facility for foreign and international monetary authorities. Similarly, the Bank of England reduced its benchmark interest rate to 0.1%—the lowest in the Bank's history—from 0.75% in the prior quarter, and maintained its asset purchase programme at £435 billion. Further, the European Central Bank kept its key interest rate at a historic low of 0.00%, amid the introduction of longer-term refinancing operations measures. In Asia, as the People's Bank of China decreased its 7-day repo rate by 30 basis points to 2.2% during the first quarter, while the Bank of Japan retained its benchmark interest rate at -0.1% and supplemented its monetary policy efforts with an emergency stimulus of ¥117.0 million.

## **STATISTICAL APPENDIX (TABLES I-16)**

**TABLE 1**  
**FINANCIAL SURVEY**

| Period                       | 2015      | 2016      | 2017      | 2018      |           | 2019      |           |           |           | 2020      |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                              |           |           |           | Sept.     | Dec.      | Mar.      | Jun.      | Sept.     | Dec.      | Mar.      |
| <b>(B\$ Millions)</b>        |           |           |           |           |           |           |           |           |           |           |
| <b>Net foreign assets</b>    | 280.2     | 678.5     | 1,152.5   | 1,274.4   | 1,072.1   | 1,389.1   | 1,466.3   | 1,546.3   | 1,790.7   | 2,157.3   |
| Central Bank                 | 811.9     | 904.0     | 1,417.4   | 1,300.7   | 1,196.3   | 1,436.9   | 1,557.6   | 1,558.8   | 1,758.1   | 2,059.9   |
| Domestic Banks               | (531.7)   | (225.4)   | (265.0)   | (26.3)    | (124.2)   | (47.8)    | (91.3)    | (12.5)    | 32.6      | 97.4      |
| <b>Net domestic assets</b>   | 6,093.7   | 6,251.4   | 5,884.6   | 5,945.5   | 6,037.1   | 5,827.8   | 5,964.7   | 5,996.8   | 6,103.1   | 5,990.0   |
| Domestic credit              | 8,966.2   | 9,128.4   | 8,838.3   | 8,847.5   | 8,911.2   | 8,734.4   | 8,843.5   | 8,850.6   | 8,957.1   | 8,894.7   |
| Public sector                | 2,666.4   | 2,957.6   | 2,855.5   | 2,976.1   | 3,025.0   | 2,891.8   | 2,997.1   | 2,969.4   | 3,065.5   | 3,075.7   |
| Government (net)             | 2,198.0   | 2,551.4   | 2,383.0   | 2,490.9   | 2,539.3   | 2,415.1   | 2,536.3   | 2,523.0   | 2,620.9   | 2,633.4   |
| Rest of public sector        | 468.4     | 406.3     | 472.5     | 485.2     | 485.8     | 476.6     | 460.8     | 446.4     | 444.6     | 442.3     |
| Private sector               | 6,299.7   | 6,170.8   | 5,982.9   | 5,871.4   | 5,886.2   | 5,842.7   | 5,846.4   | 5,881.2   | 5,891.6   | 5,819.0   |
| Other items (net)            | (2,872.4) | (2,877.0) | (2,953.7) | (2,902.0) | (2,874.1) | (2,906.6) | (2,878.8) | (2,853.8) | (2,854.0) | (2,904.7) |
| <b>Monetary liabilities</b>  | 6,373.8   | 6,930.1   | 7,037.3   | 7,220.3   | 7,108.8   | 7,215.9   | 7,429.4   | 7,540.9   | 7,892.8   | 8,146.2   |
| Money                        | 2,071.2   | 2,460.6   | 2,654.0   | 2,711.2   | 2,728.2   | 2,757.1   | 3,003.6   | 3,060.4   | 3,248.4   | 3,484.4   |
| Currency                     | 246.6     | 280.5     | 292.6     | 306.9     | 310.4     | 316.0     | 321.7     | 315.2     | 336.8     | 346.0     |
| Demand deposits              | 1,824.7   | 2,180.1   | 2,361.5   | 2,404.3   | 2,417.7   | 2,441.1   | 2,681.9   | 2,745.3   | 2,911.6   | 3,138.4   |
| Quasi-money                  | 4,302.6   | 4,469.5   | 4,383.3   | 4,509.1   | 4,380.7   | 4,458.9   | 4,425.8   | 4,480.5   | 4,644.4   | 4,661.8   |
| Fixed deposits               | 2,966.5   | 2,866.3   | 2,737.9   | 2,585.7   | 2,552.0   | 2,526.9   | 2,486.8   | 2,454.1   | 2,419.6   | 2,323.5   |
| Savings deposits             | 1,148.3   | 1,295.6   | 1,371.2   | 1,423.3   | 1,427.1   | 1,476.6   | 1,536.3   | 1,513.6   | 1,637.0   | 1,731.3   |
| Foreign currency             | 187.8     | 307.6     | 274.1     | 500.1     | 401.5     | 455.3     | 402.7     | 512.7     | 587.9     | 607.1     |
| <b>(percentage changes)</b>  |           |           |           |           |           |           |           |           |           |           |
| <b>Total domestic credit</b> | 1.1       | 1.8       | (3.2)     | 0.6       | 0.7       | (2.0)     | 1.2       | 0.1       | 1.2       | (0.7)     |
| Public sector                | 6.5       | 10.9      | (3.5)     | 3.5       | 1.6       | (4.4)     | 3.6       | (0.9)     | 3.2       | 0.3       |
| Government (net)             | 8.6       | 16.1      | (6.6)     | 4.1       | 1.9       | (4.9)     | 5.0       | (0.5)     | 3.9       | 0.5       |
| Rest of public sector        | (2.4)     | (13.3)    | 16.3      | 0.3       | 0.1       | (1.9)     | (3.3)     | (3.1)     | (0.4)     | (0.5)     |
| Private sector               | (1.1)     | (2.0)     | (3.0)     | (0.8)     | 0.3       | (0.7)     | 0.1       | 0.6       | 0.2       | (1.2)     |
| <b>Monetary liabilities</b>  | (0.3)     | 8.7       | 1.5       | (0.6)     | (1.5)     | 1.5       | 3.0       | 1.5       | 4.7       | 3.2       |
| Money                        | 3.8       | 18.8      | 7.9       | (2.2)     | 0.6       | 1.1       | 8.9       | 1.9       | 6.1       | 7.3       |
| Currency                     | 5.9       | 13.7      | 4.3       | (1.6)     | 1.1       | 1.8       | 1.8       | (2.0)     | 6.9       | 2.7       |
| Demand deposits              | 3.5       | 19.5      | 8.3       | (2.3)     | 0.6       | 1.0       | 9.9       | 2.4       | 6.1       | 7.8       |
| Quasi-money                  | (2.1)     | 3.9       | (1.9)     | 0.5       | (2.8)     | 1.8       | (0.7)     | 1.2       | 3.7       | 0.4       |

Source: Central Bank of The Bahamas

**TABLE 2**  
**MONETARY SURVEY**

| Period                       | 2015      | 2016      | 2017      | 2018      |           | 2019      |           |           |           | 2020      |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                              |           |           |           | Sept.     | Dec.      | Mar.      | Jun.      | Sept.     | Dec.      | Mar.      |
| <b>(B\$ Millions)</b>        |           |           |           |           |           |           |           |           |           |           |
| <b>Net foreign assets</b>    | 360.1     | 730.5     | 1,218.0   | 1,335.3   | 1,128.2   | 1,465.0   | 1,543.8   | 1,615.8   | 1,851.4   | 2,240.8   |
| Central Bank                 | 811.9     | 904.0     | 1,417.4   | 1,300.7   | 1,196.3   | 1,436.9   | 1,557.6   | 1,558.8   | 1,758.1   | 2,059.9   |
| Commercial banks             | (451.8)   | (173.5)   | (199.5)   | 34.6      | (68.1)    | 28.0      | (13.8)    | 57.0      | 93.4      | 180.9     |
| <b>Net domestic assets</b>   | 5,956.8   | 6,131.5   | 5,742.1   | 5,792.6   | 5,910.7   | 5,690.6   | 5,815.5   | 5,858.6   | 5,963.7   | 5,827.2   |
| Domestic credit              | 8,926.2   | 9,097.0   | 8,808.7   | 8,816.7   | 8,866.4   | 8,684.1   | 8,785.9   | 8,795.5   | 8,898.8   | 8,840.1   |
| Public sector                | 2,653.2   | 2,941.4   | 2,841.7   | 2,961.4   | 3,009.1   | 2,875.5   | 2,972.1   | 2,951.4   | 3,050.1   | 3,061.8   |
| Government (net)             | 2,187.2   | 2,535.5   | 2,369.6   | 2,476.5   | 2,523.7   | 2,399.3   | 2,511.3   | 2,505.0   | 2,605.5   | 2,619.5   |
| Rest of public sector        | 466.0     | 405.9     | 472.1     | 484.8     | 485.4     | 476.3     | 460.8     | 446.4     | 444.6     | 442.3     |
| Private sector               | 6,273.0   | 6,155.6   | 5,967.0   | 5,855.3   | 5,857.2   | 5,808.5   | 5,813.9   | 5,844.1   | 5,848.6   | 5,778.3   |
| Other items (net)            | (2,969.4) | (2,965.5) | (3,066.6) | (3,024.1) | (2,955.7) | (2,993.5) | (2,970.4) | (2,936.9) | (2,935.0) | (3,012.8) |
| <b>Monetary liabilities</b>  | 6,316.8   | 6,862.1   | 6,960.3   | 7,128.3   | 7,038.4   | 7,154.5   | 7,357.7   | 7,472.2   | 7,814.3   | 8,066.9   |
| Money                        | 2,024.9   | 2,406.8   | 2,591.4   | 2,632.4   | 2,671.3   | 2,706.8   | 2,942.8   | 3,004.4   | 3,186.5   | 3,421.0   |
| Currency                     | 246.6     | 280.5     | 292.6     | 307.0     | 310.5     | 316.0     | 321.7     | 315.2     | 336.9     | 346.1     |
| Demand deposits              | 1,778.3   | 2,126.4   | 2,298.8   | 2,325.4   | 2,360.8   | 2,390.8   | 2,621.1   | 2,689.2   | 2,849.6   | 3,074.8   |
| Quasi-money                  | 4,291.9   | 4,455.3   | 4,368.8   | 4,495.9   | 4,367.2   | 4,447.7   | 4,414.9   | 4,467.8   | 4,627.8   | 4,646.0   |
| Savings deposits             | 1,148.3   | 1,295.0   | 1,371.2   | 1,423.3   | 1,427.1   | 1,476.6   | 1,536.3   | 1,513.6   | 1,637.0   | 1,731.3   |
| Fixed deposits               | 2,955.9   | 2,854.8   | 2,725.8   | 2,574.6   | 2,540.6   | 2,516.3   | 2,476.4   | 2,442.5   | 2,408.3   | 2,312.3   |
| Foreign currency deposits    | 187.8     | 305.5     | 271.9     | 498.0     | 399.4     | 454.8     | 402.2     | 511.7     | 582.5     | 602.4     |
| <b>(percentage change)</b>   |           |           |           |           |           |           |           |           |           |           |
| <b>Total domestic credit</b> | 1.0       | 1.9       | (3.2)     | 0.6       | 0.6       | (2.1)     | 1.2       | 0.1       | 1.2       | (0.7)     |
| Public sector                | 6.4       | 10.9      | (3.4)     | 3.4       | 1.6       | (4.4)     | 3.4       | (0.7)     | 3.3       | 0.4       |
| Government (net)             | 8.6       | 15.9      | (6.5)     | 4.1       | 1.9       | (4.9)     | 4.7       | (0.2)     | 4.0       | 0.5       |
| Rest of public sector        | (2.8)     | (12.9)    | 16.3      | 0.3       | 0.1       | (1.9)     | (3.3)     | (3.1)     | (0.4)     | (0.5)     |
| Private sector               | (1.1)     | (1.9)     | (3.1)     | (0.8)     | 0.0       | (0.8)     | 0.1       | 0.5       | 0.1       | (1.2)     |
| <b>Monetary liabilities</b>  | (0.3)     | 8.6       | 1.4       | (0.5)     | (1.3)     | 1.6       | 2.8       | 1.6       | 4.6       | 3.2       |
| Money                        | 3.6       | 18.9      | 7.7       | (2.3)     | 1.5       | 1.3       | 8.7       | 2.1       | 6.1       | 7.4       |
| Currency                     | 5.9       | 13.7      | 4.3       | (1.6)     | 1.1       | 1.8       | 1.8       | (2.0)     | 6.9       | 2.7       |
| Demand deposits              | 3.3       | 19.6      | 8.1       | (2.4)     | 1.5       | 1.3       | 9.6       | 2.6       | 6.0       | 7.9       |
| Quasi-money                  | (2.0)     | 3.8       | (1.9)     | 0.5       | (2.9)     | 1.8       | (0.7)     | 1.2       | 3.6       | 0.4       |

Source: Central Bank of The Bahamas

**TABLE 3**  
**CENTRAL BANK BALANCE SHEET**

**(BS Millions)**

| Period                               | 2015    | 2016      | 2017      | 2018      |         | 2019      |           |           |           | 2020      |
|--------------------------------------|---------|-----------|-----------|-----------|---------|-----------|-----------|-----------|-----------|-----------|
|                                      |         |           |           | Sept.     | Dec.    | Mar.      | Jun.      | Sept.     | Dec.      | Mar.      |
| <b>Net foreign assets</b>            | 811.9   | 904.0     | 1,417.4   | 1,300.7   | 1,196.3 | 1,436.9   | 1,557.6   | 1,558.8   | 1,758.1   | 2,059.9   |
| Balances with banks abroad           | 206.6   | 254.8     | 698.5     | 422.7     | 375.8   | 612.2     | 722.8     | 688.9     | 794.5     | 838.2     |
| Foreign securities                   | 521.7   | 550.5     | 614.7     | 727.5     | 670.5   | 675.1     | 685.1     | 703.5     | 779.8     | 1,025.7   |
| Reserve position in the Fund         | 8.7     | 25.9      | 27.5      | 26.9      | 26.8    | 26.8      | 26.8      | 26.3      | 26.7      | 25.9      |
| SDR holdings                         | 75.0    | 72.7      | 76.8      | 123.6     | 123.2   | 122.9     | 123.0     | 140.1     | 157.1     | 170.0     |
| <b>Net domestic assets</b>           | 340.6   | 555.3     | 209.6     | 181.4     | 228.4   | 95.5      | 49.1      | 112.9     | 145.4     | (79.6)    |
| Net claims on Government             | 493.7   | 716.6     | 390.1     | 403.0     | 503.6   | 315.4     | 304.2     | 372.1     | 395.9     | 217.3     |
| Claims                               | 523.1   | 731.9     | 417.0     | 424.6     | 525.1   | 377.8     | 355.7     | 441.2     | 460.4     | 294.5     |
| Treasury bills                       | 126.6   | 223.9     | 7.2       | 54.9      | 155.7   | 68.3      | 77.5      | 170.3     | 135.3     | 10.0      |
| Bahamas registered stock             | 261.1   | 372.6     | 274.5     | 248.7     | 249.0   | 239.7     | 263.1     | 255.8     | 249.9     | 269.1     |
| Loans and advances                   | 135.4   | 135.4     | 135.4     | 120.9     | 120.4   | 69.8      | 15.2      | 15.1      | 75.2      | 15.5      |
| Deposits                             | (29.4)  | (15.3)    | (26.9)    | (21.6)    | (21.6)  | (62.4)    | (51.5)    | (69.1)    | (64.4)    | (77.2)    |
| In local currency                    | (29.4)  | (15.3)    | (26.9)    | (21.6)    | (21.6)  | (62.4)    | (51.5)    | (69.1)    | (64.4)    | (77.2)    |
| In foreign currency                  | -       | -         | -         | -         | -       | -         | -         | -         | -         | -         |
| Deposits of rest of public sector    | (17.3)  | (12.6)    | (17.2)    | (37.4)    | (74.6)  | (31.9)    | (41.7)    | (48.9)    | (49.6)    | (76.9)    |
| Credit to commercial banks           | -       | -         | -         | -         | -       | -         | -         | -         | -         | -         |
| Official capital and surplus         | (163.7) | (173.1)   | (185.1)   | (185.7)   | (208.0) | (208.1)   | (208.0)   | (208.2)   | (226.8)   | (226.5)   |
| Net unclassified assets              | 19.0    | 15.4      | 13.8      | (6.3)     | (0.2)   | 12.8      | (12.5)    | (9.2)     | 18.9      | (0.6)     |
| Loans to rest of public sector       | 3.7     | 3.6       | 2.8       | 2.6       | 2.5     | 2.5       | 2.4       | 2.4       | 2.3       | 2.3       |
| Public Corp Bonds/Securities         | 5.2     | 5.3       | 5.2       | 5.2       | 5.2     | 4.7       | 4.8       | 4.7       | 4.8       | 4.8       |
| <b>Liabilities To Domestic Banks</b> | (733.5) | (1,011.4) | (1,157.0) | (1,001.3) | (940.9) | (1,043.3) | (1,111.8) | (1,186.6) | (1,394.4) | (1,464.5) |
| Notes and coins                      | (142.4) | (145.1)   | (145.8)   | (99.9)    | (149.3) | (101.0)   | (111.1)   | (114.1)   | (151.5)   | (128.6)   |
| Deposits                             | (591.1) | (866.3)   | (1,011.2) | (901.4)   | (791.7) | (942.4)   | (1,000.7) | (1,072.5) | (1,242.9) | (1,335.9) |
| SDR allocation                       | (172.4) | (167.3)   | (177.4)   | (173.9)   | (173.3) | (173.0)   | (173.3)   | (169.9)   | (172.3)   | (169.7)   |
| Currency held by the private sector  | (246.6) | (280.5)   | (292.6)   | (306.9)   | (310.4) | (316.0)   | (321.7)   | (315.2)   | (336.8)   | (346.0)   |

**Source: Central Bank of The Bahamas**

**TABLE 4  
DOMESTIC BANKS BALANCE SHEET**

| Period                               | (B\$ Millions) |           |           |           |           |           |           |           |           |           |
|--------------------------------------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                      | 2015           | 2016      | 2017      | 2018      |           | 2019      |           |           |           | 2020      |
|                                      |                |           |           | Sept.     | Dec.      | Mar.      | Jun.      | Sept.     | Dec.      | Mar.      |
| <b>Net foreign assets</b>            | (531.7)        | (225.4)   | (265.0)   | (26.3)    | (124.2)   | (47.8)    | (91.3)    | (12.5)    | 32.6      | 97.4      |
| <b>Net claims on Central Bank</b>    | 730.0          | 1,012.4   | 1,158.0   | 1,002.2   | 941.9     | 1,044.3   | 1,112.7   | 1,187.6   | 1,395.3   | 1,465.5   |
| Notes and Coins                      | 142.4          | 145.1     | 145.8     | 99.9      | 149.3     | 101.0     | 111.1     | 114.1     | 151.5     | 128.6     |
| Balances                             | 587.5          | 867.3     | 1,012.2   | 902.3     | 792.6     | 943.3     | 1,001.6   | 1,073.5   | 1,243.8   | 1,336.8   |
| Less Central Bank credit             | -              | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| <b>Net domestic assets</b>           | 5,569.8        | 5,483.7   | 5,483.6   | 5,421.4   | 5,482.2   | 5,423.0   | 5,597.6   | 5,594.3   | 5,672.6   | 5,765.8   |
| Net claims on Government             | 1,704.4        | 1,834.8   | 1,992.9   | 2,088.0   | 2,035.7   | 2,099.7   | 2,232.1   | 2,150.9   | 2,225.0   | 2,416.1   |
| Treasury bills                       | 662.6          | 531.9     | 611.4     | 736.9     | 669.8     | 773.1     | 822.3     | 741.4     | 771.9     | 866.1     |
| Other securities                     | 895.4          | 987.1     | 1,137.7   | 1,058.7   | 990.9     | 988.3     | 1,033.1   | 1,012.6   | 985.4     | 962.5     |
| Loans and advances                   | 416.8          | 502.7     | 442.2     | 489.2     | 564.4     | 573.0     | 609.7     | 620.9     | 688.8     | 840.6     |
| Less: deposits                       | 270.5          | 186.9     | 198.5     | 196.8     | 189.4     | 234.6     | 233.0     | 224.0     | 221.1     | 253.2     |
| Net claims on rest of public sector  | 117.6          | 31.0      | 113.6     | (1.4)     | 54.2      | 20.8      | 6.6       | 31.9      | 31.7      | 40.6      |
| Securities                           | 221.0          | 163.9     | 262.6     | 229.5     | 229.5     | 228.0     | 227.6     | 230.9     | 230.9     | 230.9     |
| Loans and advances                   | 238.4          | 233.5     | 201.9     | 247.8     | 248.6     | 241.4     | 226.0     | 208.3     | 206.6     | 204.3     |
| Less: deposits                       | 341.8          | 366.4     | 350.8     | 478.7     | 423.9     | 448.6     | 447.1     | 407.4     | 405.8     | 394.6     |
| Other net claims                     | 43.9           | (2.9)     | (2.6)     | 5.5       | (1.0)     | 1.3       | (0.2)     | (3.2)     | 18.8      | 0.2       |
| Credit to the private sector         | 6,299.7        | 6,170.8   | 5,982.9   | 5,871.4   | 5,886.2   | 5,842.7   | 5,846.4   | 5,881.2   | 5,891.6   | 5,819.0   |
| Securities                           | 24.4           | 19.6      | 19.1      | 21.5      | 32.3      | 30.5      | 30.5      | 26.9      | 26.0      | 23.6      |
| Mortgages                            | 3,164.7        | 3,035.5   | 2,949.5   | 2,927.5   | 2,935.3   | 2,936.2   | 2,928.1   | 2,934.3   | 2,912.2   | 2,902.8   |
| Loans and advances                   | 3,110.7        | 3,115.7   | 3,014.3   | 2,922.4   | 2,918.5   | 2,875.9   | 2,887.9   | 2,920.0   | 2,953.4   | 2,892.6   |
| Private capital and surplus          | (2,651.2)      | (2,594.4) | (2,699.3) | (2,647.4) | (2,642.6) | (2,607.6) | (2,543.3) | (2,396.8) | (2,394.7) | (2,414.9) |
| Net unclassified assets              | 55.5           | 44.5      | 96.2      | 105.2     | 149.9     | 66.1      | 56.0      | (69.7)    | (99.8)    | (95.2)    |
| <b>Liabilities to private sector</b> | 5,768.1        | 6,270.7   | 6,376.6   | 6,397.3   | 6,299.9   | 6,419.5   | 6,619.0   | 6,769.4   | 7,100.6   | 7,328.7   |
| Demand deposits                      | 1,868.3        | 2,287.4   | 2,420.1   | 2,521.8   | 2,503.6   | 2,570.8   | 2,731.6   | 2,918.4   | 3,116.5   | 3,321.0   |
| Savings deposits                     | 1,162.0        | 1,315.0   | 1,390.4   | 1,453.9   | 1,454.3   | 1,506.8   | 1,568.3   | 1,544.3   | 1,667.3   | 1,765.0   |
| Fixed deposits                       | 2,737.8        | 2,668.3   | 2,566.1   | 2,421.6   | 2,342.0   | 2,341.8   | 2,319.2   | 2,306.8   | 2,316.7   | 2,242.7   |

Source: Central Bank of The Bahamas

**TABLE 5**  
**PROFIT AND LOSS ACCOUNTS OF BANKS IN THE BAHAMAS\***

(B\$'000s)

| Period  | 2017           | 2018           | 2019           | 2017           |                | 2018           |                |                |                | 2019           |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                |                |                | Qtr. III       | Qtr. IV        | Qtr. I         | Qtr. II        | Qtr. III       | Qtr. IV        | Qtr. I         | Qtr. II        | Qtr. III       | Qtr. IV        |
| 1. Interest Income                            | 590,158        | 580,569        | 593,233        | 154,093        | 140,978        | 146,250        | 142,891        | 147,200        | 144,228        | 141,520        | 154,599        | 147,820        | 149,294        |
| 2. Interest Expense                           | 66,322         | 55,517         | 48,618         | 16,146         | 15,252         | 14,159         | 15,693         | 13,537         | 12,128         | 12,698         | 12,549         | 13,229         | 10,142         |
| <b>3. Interest Margin (1-2)</b>               | <b>523,836</b> | <b>525,052</b> | <b>544,615</b> | <b>137,947</b> | <b>125,726</b> | <b>132,091</b> | <b>127,198</b> | <b>133,663</b> | <b>132,100</b> | <b>128,822</b> | <b>142,050</b> | <b>134,591</b> | <b>139,152</b> |
| 4. Commission & Forex Income                  | 28,537         | 29,445         | 38,127         | 6,854          | 7,273          | 7,192          | 7,499          | 7,193          | 7,561          | 7,160          | 9,221          | 7,682          | 14,064         |
| <b>5. Gross Earnings Margin (3+4)</b>         | <b>552,373</b> | <b>554,497</b> | <b>582,742</b> | <b>144,801</b> | <b>132,999</b> | <b>139,283</b> | <b>134,697</b> | <b>140,856</b> | <b>139,661</b> | <b>135,982</b> | <b>151,271</b> | <b>142,273</b> | <b>153,216</b> |
| 6. Staff Costs                                | 160,472        | 157,021        | 159,361        | 37,717         | 42,821         | 39,427         | 39,830         | 37,825         | 39,939         | 39,990         | 41,554         | 39,189         | 38,628         |
| 7. Occupancy Costs                            | 26,068         | 27,725         | 33,932         | 6,824          | 5,939          | 7,174          | 6,810          | 7,146          | 6,595          | 6,365          | 6,711          | 6,670          | 14,186         |
| 8. Other Operating Costs                      | 190,618        | 183,609        | 203,070        | 46,814         | 51,629         | 45,638         | 46,781         | 43,076         | 48,114         | 46,534         | 61,856         | 48,451         | 46,229         |
| <b>9. Operating Costs (6+7+8)</b>             | <b>377,158</b> | <b>368,355</b> | <b>396,363</b> | <b>91,355</b>  | <b>100,389</b> | <b>92,239</b>  | <b>93,421</b>  | <b>88,047</b>  | <b>94,648</b>  | <b>92,889</b>  | <b>110,121</b> | <b>94,310</b>  | <b>99,043</b>  |
| <b>10. Net Earnings Margin (5-9)</b>          | <b>175,215</b> | <b>186,142</b> | <b>186,379</b> | <b>53,446</b>  | <b>32,610</b>  | <b>47,044</b>  | <b>41,276</b>  | <b>52,809</b>  | <b>45,013</b>  | <b>43,093</b>  | <b>41,150</b>  | <b>47,963</b>  | <b>54,173</b>  |
| 11. Depreciation Costs                        | 15,892         | 12,774         | 11,876         | 3,943          | 4,254          | 3,407          | 3,061          | 3,129          | 3,177          | 2,671          | 3,668          | 2,524          | 3,013          |
| 12. Provisions for Bad Debt                   | 113,131        | 96,701         | 96,138         | 22,236         | 17,168         | 25,641         | 28,480         | 13,997         | 28,583         | 1,318          | 13,669         | 40,694         | 40,457         |
| 13. Other Income                              | 136,036        | 156,965        | 177,136        | 30,781         | 37,136         | 35,567         | 37,566         | 39,555         | 44,277         | 44,785         | 45,153         | 36,312         | 50,886         |
| <b>14. Other Income (Net) (13-11-12)</b>      | <b>7,013</b>   | <b>47,490</b>  | <b>69,122</b>  | <b>4,602</b>   | <b>15,714</b>  | <b>6,519</b>   | <b>6,025</b>   | <b>22,429</b>  | <b>12,517</b>  | <b>40,796</b>  | <b>27,816</b>  | <b>(6,906)</b> | <b>7,416</b>   |
| <b>15. Net Income (10+14)</b>                 | <b>182,228</b> | <b>233,632</b> | <b>255,501</b> | <b>58,048</b>  | <b>48,324</b>  | <b>53,563</b>  | <b>47,301</b>  | <b>75,238</b>  | <b>57,530</b>  | <b>83,889</b>  | <b>68,966</b>  | <b>41,057</b>  | <b>61,589</b>  |
| <b>16. Effective Interest Rate Spread (%)</b> | <b>7.11</b>    | <b>7.10</b>    | <b>7.08</b>    | <b>7.20</b>    | <b>7.24</b>    | <b>7.12</b>    | <b>7.28</b>    | <b>7.20</b>    | <b>6.80</b>    | <b>6.68</b>    | <b>7.12</b>    | <b>6.60</b>    | <b>7.92</b>    |
| <b>(Ratios To Average Assets)</b>             |                |                |                |                |                |                |                |                |                |                |                |                |                |
| Interest Margin                               | 5.13           | 5.12           | 5.23           | 5.34           | 4.89           | 5.11           | 4.89           | 5.22           | 5.24           | 5.04           | 5.46           | 5.18           | 5.25           |
| Commission & Forex Income                     | 0.28           | 0.29           | 0.37           | 0.27           | 0.28           | 0.28           | 0.29           | 0.28           | 0.30           | 0.28           | 0.35           | 0.30           | 0.53           |
| Gross Earnings Margin                         | 5.41           | 5.40           | 5.60           | 5.60           | 5.18           | 5.39           | 5.18           | 5.50           | 5.54           | 5.32           | 5.82           | 5.47           | 5.78           |
| Operating Costs                               | 3.69           | 3.59           | 3.81           | 3.54           | 3.91           | 3.57           | 3.59           | 3.44           | 3.75           | 3.63           | 4.23           | 3.63           | 3.74           |
| Net Earnings Margin                           | 1.72           | 1.81           | 1.79           | 2.07           | 1.27           | 1.82           | 1.59           | 2.06           | 1.79           | 1.69           | 1.58           | 1.85           | 2.04           |
| Net Income/Loss                               | 1.78           | 2.28           | 2.46           | 2.25           | 1.88           | 2.07           | 1.82           | 2.94           | 2.28           | 3.28           | 2.65           | 1.58           | 2.32           |

\*Commercial Banks and OLFIs with domestic operations

Source: Central Bank of The Bahamas

**TABLE 6  
MONEY SUPPLY**

(B\$ Millions)

| End of Period                       | 2015      | 2016      | 2017      | 2018      |           | 2019      |           |           |           | 2020      |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                     |           |           |           | Sept.     | Dec.      | Mar.      | Jun.      | Sept.     | Dec.      | Mar.      |
| <b>Money Supply (M1)</b>            | 2,071.2   | 2,460.6   | 2,654.0   | 2,711.2   | 2,728.2   | 2,757.1   | 3,003.6   | 3,060.4   | 3,248.4   | 3,484.4   |
| 1) Currency in active circulation   | 246.6     | 280.5     | 292.6     | 306.9     | 310.4     | 316.0     | 321.7     | 315.2     | 336.8     | 346.0     |
| 2) Demand deposits                  | 1,824.7   | 2,180.1   | 2,361.5   | 2,404.3   | 2,417.7   | 2,441.1   | 2,681.9   | 2,745.3   | 2,911.6   | 3,138.4   |
| Central Bank                        | 17.3      | 12.6      | 17.2      | 37.4      | 74.6      | 31.9      | 41.7      | 48.9      | 49.6      | 76.9      |
| Domestic Banks                      | 1,807.3   | 2,167.6   | 2,344.2   | 2,366.9   | 2,343.1   | 2,409.2   | 2,640.2   | 2,696.3   | 2,861.9   | 3,061.5   |
| <b>Factors affecting money (M1)</b> |           |           |           |           |           |           |           |           |           |           |
| 1) Net credit to Government         | 2,198.0   | 2,551.4   | 2,383.0   | 2,490.9   | 2,539.3   | 2,415.1   | 2,536.3   | 2,523.0   | 2,620.9   | 2,633.4   |
| Central Bank                        | 493.7     | 716.6     | 390.1     | 403.0     | 503.6     | 315.4     | 304.2     | 372.1     | 395.9     | 217.3     |
| Domestic banks                      | 1,704.4   | 1,834.8   | 1,992.9   | 2,088.0   | 2,035.7   | 2,099.7   | 2,232.1   | 2,150.9   | 2,225.0   | 2,416.1   |
| 2) Other credit                     | 6,768.1   | 6,577.1   | 6,455.3   | 6,356.6   | 6,371.9   | 6,319.3   | 6,307.2   | 6,327.6   | 6,336.2   | 6,261.3   |
| Rest of public sector               | 468.4     | 406.3     | 472.5     | 485.2     | 485.8     | 476.6     | 460.8     | 446.4     | 444.6     | 442.3     |
| Private sector                      | 6,299.7   | 6,170.8   | 5,982.9   | 5,871.4   | 5,886.2   | 5,842.7   | 5,846.4   | 5,881.2   | 5,891.6   | 5,819.0   |
| 3) External reserves                | 811.9     | 904.0     | 1,417.4   | 1,300.7   | 1,195.6   | 1,435.6   | 1,555.7   | 1,556.3   | 1,757.3   | 2,058.9   |
| 4) Other external liabilities (net) | (531.7)   | (225.4)   | (265.0)   | (26.3)    | (124.2)   | (47.8)    | (91.3)    | (12.5)    | 32.6      | 97.4      |
| 5) Quasi money                      | 4,302.6   | 4,469.5   | 4,383.3   | 4,509.1   | 4,380.7   | 4,458.9   | 4,425.8   | 4,480.5   | 4,644.4   | 4,661.8   |
| 6) Other items (net)                | (2,872.4) | (2,877.0) | (2,953.7) | (2,902.0) | (2,874.1) | (2,906.6) | (2,878.8) | (2,853.8) | (2,854.0) | (2,904.7) |

Source: Central Bank of The Bahamas

**TABLE 7**  
**CONSUMER INSTALMENT CREDIT**

(B\$' 000)

| End of Period                     | 2017             | 2018             | 2019             | 2018                      |                  |                  | 2019             |                  |                  | 2020             |                  |
|-----------------------------------|------------------|------------------|------------------|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                   |                  |                  |                  | June                      | Sept             | Dec.             | Mar.             | June             | Sept             | Dec.             | Mar.             |
|                                   |                  |                  |                  | <b>CREDIT OUTSTANDING</b> |                  |                  |                  |                  |                  |                  |                  |
| Private cars                      | 163,974          | 146,286          | 135,786          | 153,708                   | 148,441          | 146,286          | 142,918          | 140,123          | 136,824          | 135,786          | 138,711          |
| Taxis & rented cars               | 796              | 948              | 1,028            | 803                       | 897              | 948              | 1,015            | 1,037            | 1,094            | 1,028            | 1,028            |
| Commercial vehicles               | 1,208            | 1,036            | 1,156            | 1,124                     | 1,062            | 1,036            | 1,042            | 1,209            | 1,124            | 1,156            | 1,354            |
| Furnishings & domestic appliances | 8,493            | 8,205            | 9,246            | 7,863                     | 8,346            | 8,205            | 8,321            | 8,619            | 8,999            | 9,246            | 9,539            |
| Travel                            | 45,457           | 50,872           | 65,037           | 45,909                    | 50,530           | 50,872           | 50,660           | 56,648           | 63,167           | 65,037           | 68,914           |
| Education                         | 53,065           | 43,067           | 39,976           | 47,491                    | 48,261           | 43,067           | 40,660           | 39,001           | 42,116           | 39,976           | 39,225           |
| Medical                           | 12,025           | 12,773           | 11,873           | 12,857                    | 12,626           | 12,773           | 12,857           | 12,487           | 12,288           | 11,873           | 12,351           |
| Home Improvements                 | 113,898          | 102,022          | 101,255          | 107,081                   | 103,136          | 102,022          | 99,853           | 98,696           | 98,724           | 101,255          | 104,264          |
| Land Purchases                    | 152,771          | 139,093          | 131,400          | 145,587                   | 141,858          | 139,093          | 137,993          | 136,346          | 134,722          | 131,400          | 132,195          |
| Consolidation of debt             | 951,071          | 922,138          | 908,422          | 955,742                   | 939,570          | 922,138          | 914,635          | 918,987          | 917,749          | 908,422          | 910,656          |
| Miscellaneous                     | 564,703          | 541,719          | 530,172          | 537,638                   | 538,144          | 541,719          | 533,124          | 532,740          | 533,325          | 530,172          | 548,160          |
| Credit Cards                      | 254,852          | 249,069          | 272,999          | 243,617                   | 246,201          | 249,069          | 240,706          | 240,892          | 267,913          | 272,999          | 265,290          |
| <b>TOTAL</b>                      | <b>2,322,313</b> | <b>2,217,228</b> | <b>2,208,350</b> | <b>2,259,420</b>          | <b>2,239,072</b> | <b>2,217,228</b> | <b>2,183,784</b> | <b>2,186,785</b> | <b>2,218,045</b> | <b>2,208,350</b> | <b>2,231,687</b> |
| <b>NET CREDIT EXTENDED</b>        |                  |                  |                  |                           |                  |                  |                  |                  |                  |                  |                  |
| Private cars                      | (12,204)         | (17,688)         | (10,500)         | (5,397)                   | (5,267)          | (2,155)          | (3,368)          | (2,795)          | (3,299)          | (1,038)          | 2,925            |
| Taxis & rented cars               | 19               | 152              | 80               | (52)                      | 94               | 51               | 67               | 22               | 57               | (66)             | -                |
| Commercial vehicles               | 158              | (172)            | 120              | (34)                      | (62)             | (26)             | 6                | 167              | (85)             | 32               | 198              |
| Furnishings & domestic appliances | 191              | (288)            | 1,041            | (375)                     | 483              | (141)            | 116              | 298              | 380              | 247              | 293              |
| Travel                            | 4,260            | 5,415            | 14,165           | 2,591                     | 4,621            | 342              | (212)            | 5,988            | 6,519            | 1,870            | 3,877            |
| Education                         | 820              | (9,998)          | (3,091)          | (3,193)                   | 770              | (5,194)          | (2,407)          | (1,659)          | 3,115            | (2,140)          | (751)            |
| Medical                           | (799)            | 748              | (900)            | 105                       | (231)            | 147              | 84               | (370)            | (199)            | (415)            | 478              |
| Home Improvements                 | (8,061)          | (11,876)         | (767)            | (3,911)                   | (3,945)          | (1,114)          | (2,169)          | (1,157)          | 28               | 2,531            | 3,009            |
| Land Purchases                    | (17,076)         | (13,678)         | (7,693)          | (4,230)                   | (3,729)          | (2,765)          | (1,100)          | (1,647)          | (1,624)          | (3,322)          | 795              |
| Consolidation of debt             | (33,498)         | (28,933)         | (13,716)         | 5,555                     | (16,172)         | (17,432)         | (7,503)          | 4,352            | (1,238)          | (9,327)          | 2,234            |
| Miscellaneous                     | 18,390           | (22,984)         | (11,547)         | (21,165)                  | 506              | 3,575            | (8,595)          | (384)            | 585              | (3,153)          | 17,988           |
| Credit Cards                      | (1,314)          | (5,783)          | 23,930           | (3,496)                   | 2,584            | 2,868            | (8,363)          | 186              | 27,021           | 5,086            | (7,709)          |
| <b>TOTAL</b>                      | <b>(49,114)</b>  | <b>(105,085)</b> | <b>(8,878)</b>   | <b>(33,602)</b>           | <b>(20,348)</b>  | <b>(21,844)</b>  | <b>(33,444)</b>  | <b>3,001</b>     | <b>31,260</b>    | <b>(9,695)</b>   | <b>23,337</b>    |

Source: Central Bank of The Bahamas

**TABLE 8**  
**SELECTED AVERAGE INTEREST RATES**

| Period                         | (%)   |       |       |                   |                   |                   |                   |                   |                   |        |
|--------------------------------|-------|-------|-------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------|
|                                | 2015  | 2016  | 2017  | 2018              |                   | 2019              |                   |                   |                   | 2020   |
|                                |       |       |       | Qtr. III          | Qtr. IV           | Qtr. I            | Qtr. II           | Qtr. III          | Qtr. IV           | Qtr. I |
| <b>DOMESTIC BANKS</b>          |       |       |       |                   |                   |                   |                   |                   |                   |        |
| <b>Deposit rates</b>           |       |       |       |                   |                   |                   |                   |                   |                   |        |
| Demand deposits                | 0.30  | 0.28  | 0.27  | 0.25              | 0.29              | 0.27              | 0.40              | 0.27              | 0.50              | 0.59   |
| Savings deposits               | 0.83  | 0.82  | 0.72  | 0.66              | 0.50              | 0.51              | 0.35              | 0.34              | 0.33              | 0.38   |
| Fixed deposits                 |       |       |       |                   |                   |                   |                   |                   |                   |        |
| Up to 3 months                 | 1.14  | 0.97  | 0.78  | 0.59              | 0.58              | 0.49              | 0.33              | 0.28              | 0.29              | 0.26   |
| Up to 6 months                 | 1.09  | 0.99  | 0.64  | 0.53              | 0.74              | 0.71              | 0.56              | 0.49              | 0.49              | 0.34   |
| Up to 12 months                | 1.71  | 1.58  | 1.21  | 1.06              | 0.79              | 0.72              | 0.67              | 0.77              | 0.55              | 0.59   |
| Over 12 months                 | 1.57  | 1.87  | 1.61  | 1.01              | 1.10              | 0.95              | 0.89              | 0.83              | 0.91              | 0.83   |
| Weighted average rate          | 1.41  | 1.24  | 1.00  | 0.82              | 0.82              | 0.68              | 1.67              | 0.52              | 0.53              | 0.41   |
| <b>Lending rates</b>           |       |       |       |                   |                   |                   |                   |                   |                   |        |
| Residential mortgages          | 6.48  | 6.22  | 5.76  | 5.35              | 5.33              | 4.90              | 4.96              | 4.94              | 4.82              | 5.28   |
| Commercial mortgages           | 7.95  | 7.76  | 6.87  | 8.71              | 7.38              | 6.75              | 6.15              | 5.91              | 7.25              | 9.25   |
| Consumer loans                 | 14.26 | 14.03 | 13.61 | 13.53             | 13.35             | 12.38             | 13.03             | 13.24             | 12.79             | 12.94  |
| Overdrafts                     | 10.36 | 11.13 | 10.62 | 10.42             | 9.65              | 9.20              | 9.86              | 11.55             | 11.10             | 11.99  |
| Weighted average rate          | 12.29 | 12.49 | 11.75 | 11.61             | 11.11             | 9.66              | 10.53             | 11.22             | 10.44             | 10.82  |
| <b>Other rates</b>             |       |       |       |                   |                   |                   |                   |                   |                   |        |
| Prime rate*                    | 4.75  | 4.75  | 4.25  | 4.25              | 4.25              | 4.25              | 4.25              | 4.25              | 4.25              | 4.25   |
| Treasury bill                  | 0.68  | 1.64  | 1.83  | 1.62 <sub>R</sub> | 1.59 <sub>R</sub> | 1.52              | 1.59 <sub>R</sub> | 1.63 <sub>R</sub> | 1.69 <sub>R</sub> | 1.73   |
| Treasury bill re-discount rate | 1.18  | 2.14  | 2.33  | 2.12              | 2.09              | 2.08 <sub>R</sub> | 2.14              | 2.13              | 2.19 <sub>R</sub> | 2.23   |
| Bank rate (discount rate)*     | 4.50  | 4.00  | 4.00  | 4.00              | 4.00              | 4.00              | 4.00              | 4.00              | 4.00              | 4.00   |

Source: Central Bank of The Bahamas

\*Reflects end of period rates.

R=Revised | Figures were revised to reflect an average rate.

**TABLE 9**  
**SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS**

| Period   | (%)          |              |              |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2015         | 2016         | 2017         | 2018         |              | 2019         |              |              |              | 2020         |
|  |              |              |              | Qtr. III     | Qtr. IV      | Qtr. I       | Qtr. I       | Qtr. III     | Qtr. IV      | Qtr. I       |
| <b>Loan Portfolio</b>                                    |              |              |              |              |              |              |              |              |              |              |
| Current Loans (as a % of total loans)                    | <b>79.7</b>  | <b>82.2</b>  | <b>85.1</b>  | <b>85.7</b>  | <b>85.7</b>  | <b>86.8</b>  | <b>87.8</b>  | <b>86.8</b>  | <b>87.9</b>  | <b>87.9</b>  |
| Arrears (% by loan type)                                 |              |              | 0            |              |              |              |              |              |              |              |
| Consumer   | 5.0          | 4.7          | 4.4          | 4.1          | 4.0          | 3.7          | 3.5          | 4.0          | 3.5          | 3.5          |
| Mortgage   | 11.6         | 9.0          | 8.8          | 8.6          | 8.8          | 8.0          | 7.8          | 8.0          | 7.5          | 7.4          |
| Commercial   | 3.7          | 4.0          | 1.6          | 1.6          | 1.4          | 1.5          | 1.0          | 1.2          | 1.1          | 1.2          |
| Total Arrears  | <b>20.3</b>  | <b>17.8</b>  | <b>14.9</b>  | <b>14.3</b>  | <b>14.3</b>  | <b>13.2</b>  | <b>12.2</b>  | <b>13.2</b>  | <b>12.1</b>  | <b>12.1</b>  |
| <b>Total B\$ Loan Portfolio</b>                          | <b>100.0</b> |
| <b>Loan Portfolio</b>                                    |              |              | 0            |              |              |              |              |              |              |              |
| Current Loans (as a % of total loans)                    | <b>79.7</b>  | <b>82.2</b>  | <b>85.1</b>  | <b>85.7</b>  | <b>85.7</b>  | <b>86.8</b>  | <b>87.8</b>  | <b>86.8</b>  | <b>87.9</b>  | <b>87.9</b>  |
| Arrears (% by days outstanding)                          |              |              | 0            |              |              |              |              |              |              |              |
| 30 - 60 days   | 3.3          | 3.2          | 3.1          | 3.0          | 3.3          | 2.7          | 2.3          | 3.1          | 2.6          | 2.9          |
| 61 - 90 days   | 2.0          | 1.9          | 1.9          | 2.0          | 1.9          | 1.4          | 1.2          | 1.7          | 1.5          | 1.3          |
| 90 - 179 days  | 1.7          | 1.7          | 1.7          | 1.4          | 1.4          | 1.2          | 1.2          | 1.2          | 1.1          | 1.3          |
| over 180 days  | 13.4         | 10.9         | 8.3          | 7.8          | 7.7          | 7.8          | 7.5          | 7.2          | 6.9          | 6.6          |
| Total Arrears  | <b>20.3</b>  | <b>17.8</b>  | <b>14.9</b>  | <b>14.3</b>  | <b>14.3</b>  | <b>13.2</b>  | <b>12.2</b>  | <b>13.2</b>  | <b>12.1</b>  | <b>12.1</b>  |
| <b>Total B\$ Loan Portfolio</b>                          | <b>100.0</b> |
| Non Accrual Loans (% by loan type)                       |              |              | 0            |              |              |              |              |              |              |              |
| Consumer   | 22.2         | 23.6         | 27.8         | 27.4         | 25.8         | 26.7         | 25.5         | 25.8         | 25.5         | 26.8         |
| Mortgage   | 57.4         | 50.3         | 60.8         | 61.7         | 65           | 63.2         | 64.6         | 63.8         | 63.5         | 59.9         |
| Other Private  | 20.4         | 26.1         | 11.4         | 10.9         | 9.2          | 10.2         | 10.0         | 10.4         | 11.0         | 13.3         |
| Total Non Accrual Loans                                  | <b>100.0</b> |
| <b>Provisions to Loan Portfolio</b>                      |              |              | 0            |              |              |              |              |              |              |              |
| Consumer   | 7.1          | 7.8          | 6.1          | 6.7          | 5.5          | 6.8          | 6.5          | 6.6          | 7.0          | 7.2          |
| Mortgage   | 9.9          | 9.0          | 8.3          | 7.9          | 7.6          | 8.8          | 8.7          | 8.3          | 8.1          | 8.0          |
| Other Private  | 10.2         | 11.7         | 8.0          | 8.5          | 14.4         | 7.2          | 6.5          | 5.3          | 7.1          | 6.9          |
| Total Provisions to Total Private Sector Loans           | 8.8          | 8.9          | 7.4          | 7.5          | 7.7          | 7.8          | 7.5          | 7.2          | 7.5          | 7.6          |
| Total Provisions to Total Non-performing Loans           | 58.5         | 70.6         | 74.7         | 81.0         | 84.8         | 86.4         | 86.5         | 85.6         | 93.8         | 95.7         |
| Total Non-performing Loans to Total Private Sector Loans | 15.1         | 12.3         | 9.9          | 9.2          | 9.1          | 9.0          | 8.7          | 8.4          | 8.0          | 7.9          |

**Source: Central Bank of The Bahamas**

Figures may not sum to total due to rounding.

**TABLE 10  
SUMMARY OF BANK LIQUIDITY**

(B\$ Millions)

| Period                                  | 2015    | 2016    | 2017    | 2018    |         | 2019    |         |         |         | 2020    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|   |         |         |         | Sept.   | Dec.    | Mar.    | Jun.    | Sept.   | Dec.    | Mar.    |
| <b>I. Statutory Reserves</b>            |         |         |         |         |         |         |         |         |         |         |
| Required reserves                       | 316.9   | 325.1   | 336.9   | 340.8   | 331.1   | 331.9   | 345.3   | 348.5   | 349.6   | 363.4   |
| Average Till Cash                       | 123.0   | 130.4   | 125.8   | 102.6   | 124.9   | 108.5   | 107.8   | 115.6   | 129.8   | 121.3   |
| Average balance with central bank       | 598.7   | 945.1   | 1,030.3 | 966.7   | 808.6   | 863.4   | 978.0   | 1,003.5 | 1,181.3 | 1,303.2 |
| Free cash reserves (period ended)       | 404.9   | 750.5   | 819.2   | 728.6   | 602.5   | 639.9   | 740.6   | 770.5   | 961.5   | 1,061.1 |
| <b>II. Liquid Assets (period)</b>       |         |         |         |         |         |         |         |         |         |         |
| A. Minimum Required Liquid Assets       | 1,044.6 | 1,098.6 | 1,128.9 | 1,122.6 | 1,115.6 | 1,148.4 | 1,196.1 | 1,206.4 | 1,247.1 | 1,298.8 |
| B. Net Eligible Liquid Assets           | 2,361.6 | 2,579.9 | 2,956.2 | 2,851.6 | 2,649.0 | 2,852.0 | 3,014.7 | 2,988.7 | 3,214.5 | 3,345.1 |
| i) Balance with Central Bank            | 587.5   | 867.3   | 1,012.2 | 902.3   | 792.6   | 943.3   | 1,001.6 | 1,073.5 | 1,243.8 | 1,336.8 |
| ii) Notes and Coins                     | 142.9   | 145.6   | 146.3   | 100.4   | 149.8   | 101.5   | 111.6   | 114.6   | 152.0   | 129.1   |
| iii) Treasury Bills                     | 662.6   | 531.9   | 611.4   | 736.9   | 669.8   | 773.1   | 822.3   | 741.4   | 771.9   | 866.1   |
| iv) Government registered stocks        | 895.4   | 987.1   | 1,137.7 | 1,058.7 | 990.9   | 988.3   | 1,033.1 | 1,012.6 | 985.4   | 962.5   |
| v) Specified assets                     | 55.6    | 51.0    | 50.8    | 48.5    | 48.4    | 46.9    | 46.6    | 49.8    | 49.7    | 49.8    |
| vi) Net Inter-bank dem/call deposits    | 17.4    | (3.0)   | (2.2)   | 4.7     | (2.5)   | (1.0)   | (0.5)   | (3.1)   | 11.7    | 0.8     |
| vii) Less: borrowings from central bank | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| C. Surplus/(Deficit)                    | 1,316.9 | 1,481.3 | 1,827.3 | 1,729.0 | 1,533.4 | 1,703.6 | 1,818.6 | 1,782.4 | 1,967.5 | 2,046.3 |

**Source: Central Bank of The Bahamas**

Figures may not sum to total due to rounding.

**TABLE 11**  
**GOVERNMENT OPERATIONS AND FINANCING**

(B\$ Millions)

| Period  | 2017/18p       | 2018/19p       | Budget         |                | 2018/19p      |                |               |               | 2019/20p      |                |               |
|---|----------------|----------------|----------------|----------------|---------------|----------------|---------------|---------------|---------------|----------------|---------------|
|   |                |                | 2018/19        | 2019/20        | Qtr. I        | Qtr. II        | Qtr. III      | Qtr. IV       | Qtr. I        | Qtr. II        | Qtr. III      |
| Total Revenue & Grants                              | 2,042.4        | 2,420.1        | 2,650.9        | 2,628.1        | 513.8         | 497.8          | 677.4         | 731.0         | 554.3         | 547.1          | 655.6         |
| Current expenditure                                 | 2,188.6        | 2,418.0        | 2,589.2        | 2,530.0        | 539.9         | 566.3          | 594.9         | 717.0         | 544.8         | 633.9          | 631.6         |
| Capital expenditure                                 | 268.7          | 217.2          | 299.3          | 235.0          | 38.8          | 41.2           | 48.1          | 89.1          | 56.2          | 60.4           | 81.6          |
| Net lending   | -              | -              | -              | -              | -             | -              | -             | -             | -             | -              | -             |
| <b>Overall balance</b>                              | <b>(414.9)</b> | <b>(215.1)</b> | <b>(237.6)</b> | <b>(136.9)</b> | <b>(64.9)</b> | <b>(109.6)</b> | <b>34.5</b>   | <b>(75.1)</b> | <b>(46.7)</b> | <b>(147.2)</b> | <b>(57.6)</b> |
| <b>FINANCING (I+II-III+IV+V)</b>                    | <b>414.9</b>   | <b>215.1</b>   | <b>237.6</b>   | <b>136.9</b>   | <b>64.9</b>   | <b>109.6</b>   | <b>(34.5)</b> | <b>75.1</b>   | <b>46.7</b>   | <b>147.2</b>   | <b>57.6</b>   |
| <b>I. Foreign currency borrowing</b>                | <b>1,369.3</b> | <b>9.2</b>     | <b>50.4</b>    | <b>64.5</b>    | <b>1.2</b>    | <b>4.9</b>     | <b>0.2</b>    | <b>3.0</b>    | <b>31.9</b>   | <b>58.6</b>    | <b>55.0</b>   |
| External  | 1,369.3        | 9.2            | 50.4           | 64.5           | 1.2           | 4.9            | 0.2           | 3.0           | 31.9          | 8.6            | 55.0          |
| Domestic  | -              | -              | -              | -              | -             | -              | -             | -             | -             | 50.0           | -             |
| <b>II. Bahamian dollar borrowing</b>                | <b>617.7</b>   | <b>1,085.0</b> | <b>896.6</b>   | <b>700.3</b>   | <b>301.7</b>  | <b>371.2</b>   | <b>170.7</b>  | <b>241.4</b>  | <b>135.7</b>  | <b>309.4</b>   | <b>368.8</b>  |
| i) Treasury bills                                   | 111.7          | 231.3          | -              | -              | 91.7          | 62.2           | 1.7           | 75.7          | 29.7          | 21.5           | 26.2          |
| ii) Long-term securities                            | 492.0          | 619.7          | -              | -              | 110.0         | 204.0          | 140.0         | 165.7         | 103.0         | 192.9          | 135.6         |
| iii) Loans and Advances                             | 14.0           | 234.0          | -              | -              | 100.0         | 105.0          | 29.0          | -             | 3.0           | 95.0           | 207.0         |
| <b>III. Debt repayment</b>                          | <b>1,302.6</b> | <b>801.1</b>   | <b>709.4</b>   | <b>628.0</b>   | <b>162.9</b>  | <b>253.1</b>   | <b>190.2</b>  | <b>195.0</b>  | <b>98.3</b>   | <b>227.4</b>   | <b>261.9</b>  |
| Domestic  | 798.1          | 717.2          | 620.9          | 539.0          | 128.5         | 245.3          | 156.0         | 187.3         | 83.7          | 219.7          | 247.2         |
| Bahamian dollars                                    | 798.1          | 717.2          | 620.9          | 539.0          | 128.5         | 245.3          | 156.0         | 187.3         | 83.7          | 219.7          | 247.2         |
| Foreign currency                                    | -              | -              | -              | -              | -             | -              | -             | -             | -             | -              | -             |
| External  | 504.4          | 83.9           | 88.5           | 88.9           | 34.4          | 7.7            | 34.1          | 7.7           | 14.6          | 7.7            | 14.7          |
| <b>IV. Net sale of shares &amp; other equity</b>    | <b>(20.0)</b>  | <b>(94.4)</b>  | <b>-</b>       | <b>-</b>       | <b>(44.6)</b> | <b>(17.5)</b>  | <b>(12.5)</b> | <b>(19.9)</b> | <b>(11.7)</b> | <b>(13.9)</b>  | <b>(14.7)</b> |
| <b>V. Cash balance change &amp; other financing</b> | <b>(249.5)</b> | <b>16.5</b>    | <b>-</b>       | <b>-</b>       | <b>(30.5)</b> | <b>4.1</b>     | <b>(2.7)</b>  | <b>45.6</b>   | <b>(11.0)</b> | <b>20.6</b>    | <b>(89.7)</b> |

Source: Treasury Monthly Printouts. Data compiled according to the International Monetary Fund's Government Finance Statistics format.

**TABLE 12  
NATIONAL DEBT**

| Period                              | (BS '000s) |           |           |           |           |           |           |           |           |           |
|-------------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                     | 2017       | 2018      | 2019      | 2018      |           | 2019      |           |           |           | 2020      |
|                                     |            |           |           | QTR III.  | QTR IV.   | QTR I.    | QTR II.   | QTR III.  | QTR IV.   | QTR I.    |
| <b>TOTAL EXTERNAL DEBT</b>          | 2,616,225  | 2,593,818 | 2,567,662 | 2,599,118 | 2,593,818 | 2,557,139 | 2,553,188 | 2,559,811 | 2,567,662 | 2,604,078 |
| By Instrument                       |            |           |           |           |           |           |           |           |           |           |
| Government Securities               | 1,650,000  | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 |
| Loans                               | 966,225    | 943,818   | 917,662   | 949,118   | 943,818   | 907,139   | 903,188   | 909,811   | 917,662   | 954,078   |
| By Holder                           |            |           |           |           |           |           |           |           |           |           |
| Commercial Banks                    | -          | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Offshore Financial Institutions     | -          | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Multilateral Institutions           | 213,730    | 207,483   | 232,075   | 210,273   | 207,483   | 205,780   | 201,042   | 231,139   | 232,075   | 285,320   |
| Bilateral Institutions              | 90,688     | 79,609    | 72,539    | 79,719    | 79,609    | 78,418    | 76,651    | 70,660    | 72,539    | 68,320    |
| Private Capital Markets             | 1,650,000  | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 |
| Other Financial Institutions        | 661,807    | 656,726   | 613,048   | 659,126   | 656,726   | 622,941   | 625,495   | 608,012   | 613,048   | 600,438   |
| <b>TOTAL INTERNAL DEBT</b>          | 4,563,864  | 4,905,099 | 5,165,557 | 4,779,238 | 4,905,099 | 4,919,740 | 4,973,870 | 5,025,915 | 5,165,557 | 5,287,189 |
| By Instrument                       |            |           |           |           |           |           |           |           |           |           |
| Foreign Currency                    | -          | -         | 50,000    | -         | -         | -         | -         | -         | 50,000    | 50,000    |
| Government Securities               | -          | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Loans                               | -          | -         | 50,000    | -         | -         | -         | -         | -         | 50,000    | 50,000    |
| Bahamian Dollars                    | 4,563,864  | 4,905,099 | 5,115,557 | 4,779,238 | 4,905,099 | 4,919,740 | 4,973,870 | 5,025,915 | 5,115,557 | 5,237,189 |
| Advances                            | 134,657    | 119,657   | 74,900    | 119,657   | 119,657   | 69,657    | 14,957    | 14,900    | 74,900    | 14,900    |
| Treasury Bills                      | 655,749    | 875,746   | 977,104   | 829,542   | 875,746   | 877,429   | 938,156   | 959,858   | 977,104   | 948,344   |
| Government Securities               | 3,492,283  | 3,536,654 | 3,725,354 | 3,518,709 | 3,536,654 | 3,601,654 | 3,675,354 | 3,725,354 | 3,725,354 | 3,780,354 |
| Loans                               | 281,175    | 373,042   | 338,199   | 311,330   | 373,042   | 371,000   | 345,403   | 325,803   | 338,199   | 493,591   |
| By Holder                           |            |           |           |           |           |           |           |           |           |           |
| Foreign Currency                    | -          | -         | 50,000    | -         | -         | -         | -         | -         | 50,000    | 50,000    |
| Commercial Banks                    | -          | -         | 50,000    | -         | -         | -         | -         | -         | 50,000    | 50,000    |
| Other Local Financial Institutions  | -          | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Bahamian Dollars                    | 4,563,864  | 4,905,099 | 5,115,557 | 4,779,238 | 4,905,099 | 4,919,740 | 4,973,870 | 5,025,915 | 5,115,557 | 5,237,189 |
| The Central Bank                    | 413,570    | 518,721   | 455,725   | 417,080   | 518,721   | 372,250   | 350,203   | 436,667   | 455,725   | 291,746   |
| Commercial Banks                    | 1,975,909  | 1,983,549 | 2,053,618 | 2,055,874 | 1,983,549 | 2,083,906 | 2,145,017 | 2,040,377 | 2,053,618 | 2,286,884 |
| Other Local Financial Institutions  | 27,162     | 11,085    | 21,671    | 27,984    | 11,085    | 22,638    | 31,850    | 32,230    | 21,671    | 20,508    |
| Public Corporations                 | 602,287    | 586,572   | 602,704   | 582,118   | 586,572   | 597,893   | 600,404   | 597,242   | 602,704   | 591,476   |
| Other                               | 1,544,936  | 1,805,172 | 1,981,839 | 1,696,182 | 1,805,172 | 1,843,053 | 1,846,396 | 1,919,399 | 1,981,839 | 2,046,575 |
| <b>TOTAL FOREIGN CURRENCY DEBT</b>  | 2,616,225  | 2,593,818 | 2,617,662 | 2,599,118 | 2,593,818 | 2,557,139 | 2,553,188 | 2,559,811 | 2,617,662 | 2,654,078 |
| <b>TOTAL DIRECT CHARGE</b>          | 7,180,089  | 7,498,917 | 7,733,219 | 7,378,356 | 7,498,917 | 7,476,879 | 7,527,058 | 7,585,726 | 7,733,219 | 7,891,267 |
| <b>TOTAL CONTINGENT LIABILITIES</b> | 704,191    | 752,251   | 723,942   | 772,680   | 752,251   | 738,970   | 736,371   | 726,647   | 723,942   | 717,829   |
| <b>TOTAL NATIONAL DEBT</b>          | 7,884,280  | 8,251,168 | 8,457,161 | 8,151,036 | 8,251,168 | 8,215,849 | 8,263,429 | 8,312,373 | 8,457,161 | 8,609,096 |

Source: Treasury Accounts & Treasury Statistical Summary Printouts

Public Corporation Reports

Creditor Statements, Central Bank of The Bahamas

**TABLE 13  
PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS**

| Period   | (B\$ '000s) |           |           |           |           |           |           |           |           |           |  |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
|  | 2017*       | 2018**    | 2019      | 2018      |           | 2019      |           |           |           | 2020      |  |
|  |             |           |           | QTR III.  | QTR IV.   | QTR I.    | QTR II.   | QTR III.  | QTR IV.   | QTR I.    |  |
| <b>Outstanding Debt at Beginning of Period</b>             | 2,646,751   | 3,484,245 | 3,510,146 | 3,497,538 | 3,590,981 | 3,510,146 | 3,461,968 | 3,440,616 | 3,425,622 | 3,475,997 |  |
| Government   | 1,745,483   | 2,616,225 | 2,593,818 | 2,637,108 | 2,599,118 | 2,593,818 | 2,557,139 | 2,553,188 | 2,559,811 | 2,617,662 |  |
| Public Corporations  | 901,268     | 868,020   | 916,328   | 860,430   | 991,863   | 916,328   | 904,829   | 887,428   | 865,811   | 858,335   |  |
| <b>Plus: New Drawings</b>                                  | 1,347,128   | 256,635   | 93,739    | 139,304   | 51,395    | 175       | 3,040     | 31,890    | 58,634    | 55,028    |  |
| Government   | 1,327,674   | 65,330    | 93,664    | 1,152     | 4,923     | 175       | 2,965     | 31,890    | 58,634    | 55,028    |  |
| Public corporations  | 19,454      | 191,305   | 75        | 138,152   | 46,472    | -         | 75        | -         | -         | -         |  |
| <b>Less: Amortization</b>                                  | 545,717     | 216,894   | 122,225   | 41,125    | 129,710   | 45,624    | 25,184    | 36,233    | 15,184    | 26,156    |  |
| Government   | 493,003     | 73,906    | 64,153    | 34,409    | 7,708     | 34,121    | 7,708     | 14,616    | 7,708     | 14,660    |  |
| Public corporations  | 52,714      | 142,988   | 58,072    | 6,716     | 122,002   | 11,503    | 17,476    | 21,617    | 7,476     | 11,496    |  |
| <b>Other Changes in Debt Stock</b>                         | 36,083      | (13,840)  | (5,663)   | (4,736)   | (2,520)   | (2,729)   | 792       | (10,651)  | 6,925     | (3,952)   |  |
| Government   | 36,071      | (13,831)  | (5,667)   | (4,733)   | (2,515)   | (2,733)   | 792       | (10,651)  | 6,925     | (3,952)   |  |
| Public corporations  | 12          | (9)       | 4         | (3)       | (5)       | 4         | -         | -         | -         | -         |  |
| <b>Outstanding Debt at End of Period</b>                   | 3,484,245   | 3,510,146 | 3,475,997 | 3,590,981 | 3,510,146 | 3,461,968 | 3,440,616 | 3,425,622 | 3,475,997 | 3,500,917 |  |
| Government   | 2,616,225   | 2,593,818 | 2,617,662 | 2,599,118 | 2,593,818 | 2,557,139 | 2,553,188 | 2,559,811 | 2,617,662 | 2,654,078 |  |
| Public corporations  | 868,020     | 916,328   | 858,335   | 991,863   | 916,328   | 904,829   | 887,428   | 865,811   | 858,335   | 846,839   |  |
| <b>Interest Charges</b>                                    | 152,815     | 220,950   | 203,144   | 38,812    | 69,202    | 37,266    | 67,063    | 34,285    | 64,530    | 32,312    |  |
| Government   | 92,969      | 154,701   | 144,039   | 22,030    | 50,979    | 22,000    | 51,208    | 20,445    | 50,386    | 20,075    |  |
| Public corporations  | 59,846      | 66,249    | 59,105    | 16,782    | 18,223    | 15,266    | 15,855    | 13,840    | 14,144    | 12,237    |  |
| <b>Debt Service</b>  | 698,532     | 437,844   | 325,369   | 79,937    | 198,912   | 82,890    | 92,247    | 70,518    | 79,714    | 58,468    |  |
| Government   | 585,972     | 228,607   | 208,192   | 56,439    | 58,687    | 56,121    | 58,916    | 35,061    | 58,094    | 34,735    |  |
| Public corporations  | 112,560     | 209,237   | 117,177   | 23,498    | 140,225   | 26,769    | 33,331    | 35,457    | 21,620    | 23,733    |  |
| <b>Debt Service ratio</b>                                  | 6.5         | 9.0       | 7.1       | 7.8       | 15.3      | 6.3       | 6.5       | 7.5       | 8.9       | 5.6       |  |
| <b>Government debt Service/<br/>Government revenue (%)</b> | 6.5         | 10.5      | 8.3       | 11.0      | 11.8      | 8.3       | 8.1       | 6.3       | 10.6      | 5.3       |  |
| <b>MEMORANDUM</b>  |             |           |           |           |           |           |           |           |           |           |  |
| Holder distribution (B\$ Mil):                             |             |           |           |           |           |           |           |           |           |           |  |
| Banks  | 267.7       | 332.1     | 351.9     | 335.6     | 332.1     | 329.2     | 317.1     | 304.0     | 351.9     | 349.5     |  |
| Offshore Financial Institutions                            | -           | -         | -         | -         | -         | -         | -         | -         | -         | -         |  |
| Multilateral Institutions                                  | 285.6       | 284.0     | 304.1     | 286.4     | 284.0     | 282.1     | 275.3     | 305.1     | 304.1     | 357.0     |  |
| Bilateral Institutions                                     | 90.7        | 79.6      | 72.5      | 79.7      | 79.6      | 78.4      | 76.7      | 70.7      | 72.5      | 68.3      |  |
| Other  | 1,190.2     | 1,164.4   | 1,097.5   | 1,239.2   | 1,164.4   | 1,122.3   | 1,121.6   | 1,095.7   | 1,097.5   | 1,076.1   |  |
| Private Capital Markets                                    | 1,650.0     | 1,650.0   | 1,650.0   | 1,650.0   | 1,650.0   | 1,650.0   | 1,650.0   | 1,650.0   | 1,650.0   | 1,650.0   |  |

**Source: Treasury Accounts, Treasury Statistical Printouts and Quarterly Reports from Public Corporations, Central Bank of The Bahamas**

\*The Debt Service and Government Debt Service/Revenue Ratios for 2017 are presented net of a of \$450 million refinancing in Government's external debt.

\*\*The Debt Service Ratio for 2018 is presented net of a \$44.1 million refinancing of Public Corporations' debt.

**TABLE 14**  
**BALANCE OF PAYMENTS SUMMARY\***

(B\$ Millions)

| Period  | 2017             | 2018             | 2019             | 2018           |                | 2019           |                |                |                | 2020           |
|---|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                  |                  |                  | Qtr. III       | Qtr. IV        | Qtr. I         | Qtr. II        | Qtr. III       | Qtr. IV        | Qtr. I         |
| <b>A. Current Account Balance (I+II+III+IV)</b> | <b>(1,508.5)</b> | <b>(1,487.7)</b> | <b>83.7</b>      | <b>(451.7)</b> | <b>(494.4)</b> | <b>26.9</b>    | <b>(51.9)</b>  | <b>(134.4)</b> | <b>243.1</b>   | <b>(104.3)</b> |
| <b>I. Merchandise (Net)</b>                     | <b>(2,537.8)</b> | <b>(2,675.1)</b> | <b>(2,312.8)</b> | <b>(632.1)</b> | <b>(636.3)</b> | <b>(523.7)</b> | <b>(625.5)</b> | <b>(569.8)</b> | <b>(593.8)</b> | <b>(615.2)</b> |
| Exports   | 570.6            | 641.7            | 653.7            | 153.3          | 151.3          | 154.3          | 277.8          | 106.5          | 115.0          | 186.8          |
| Imports   | 3,108.4          | 3,316.8          | 2,966.5          | 785.4          | 787.7          | 678.0          | 903.3          | 676.3          | 708.8          | 802.1          |
| <b>II. Services (Net)</b>                       | <b>1,445.2</b>   | <b>1,938.2</b>   | <b>2,097.6</b>   | <b>393.8</b>   | <b>309.7</b>   | <b>668.9</b>   | <b>723.2</b>   | <b>406.6</b>   | <b>298.8</b>   | <b>386.3</b>   |
| Transportation                                  | (383.4)          | (411.6)          | (360.0)          | (92.9)         | (99.7)         | (109.8)        | (103.6)        | (55.4)         | (91.1)         | (106.7)        |
| Travel  | 2,625.2          | 3,023.4          | 3,244.3          | 653.2          | 676.3          | 1,000.5        | 976.5          | 663.1          | 604.2          | 722.5          |
| Insurance Services                              | (114.0)          | (154.0)          | (143.5)          | (35.2)         | (44.9)         | (36.8)         | (34.9)         | (48.6)         | (23.1)         | (32.3)         |
| Offshore Companies Local Expenses               | 130.1            | 249.5            | 183.8            | 89.4           | 51.1           | 58.5           | 52.8           | 34.2           | 38.2           | 58.4           |
| Other Government                                | (105.8)          | (97.0)           | (132.4)          | (34.9)         | (29.6)         | (66.0)         | (22.7)         | (29.9)         | (13.8)         | (70.6)         |
| Other Services                                  | (706.8)          | (672.1)          | (694.6)          | (185.7)        | (243.4)        | (177.4)        | (144.8)        | (156.8)        | (215.6)        | (185.0)        |
| <b>III. Income (Net)</b>                        | <b>(360.7)</b>   | <b>(682.3)</b>   | <b>(547.3)</b>   | <b>(192.7)</b> | <b>(146.2)</b> | <b>(115.3)</b> | <b>(159.3)</b> | <b>(108.9)</b> | <b>(163.8)</b> | <b>(129.7)</b> |
| 1. Compensation of Employees                    | (38.7)           | (28.9)           | (62.8)           | (7.9)          | (11.7)         | (11.7)         | (14.3)         | (16.8)         | (20.0)         | (26.9)         |
| 2. Investment Income                            | (321.9)          | (653.3)          | (484.5)          | (184.8)        | (134.6)        | (103.5)        | (145.1)        | (92.1)         | (143.8)        | (102.8)        |
| <b>IV. Current Transfers (Net)</b>              | <b>(55.2)</b>    | <b>(68.6)</b>    | <b>846.2</b>     | <b>(20.6)</b>  | <b>(21.6)</b>  | <b>(3.1)</b>   | <b>9.7</b>     | <b>137.7</b>   | <b>701.9</b>   | <b>254.3</b>   |
| 1. General Government                           | 114.0            | 132.8            | 144.9            | 26.6           | 28.4           | 41.3           | 42.0           | 31.5           | 30.1           | 39.2           |
| 2. Private Sector                               | (169.2)          | (201.4)          | 701.2            | (47.2)         | (50.0)         | (44.4)         | (32.3)         | 106.1          | 671.8          | 215.2          |
| <b>B. Capital and Financial Account (I+II)</b>  | <b>1,572.0</b>   | <b>609.1</b>     | <b>230.8</b>     | <b>1.7</b>     | <b>156.2</b>   | <b>(14.2)</b>  | <b>167.8</b>   | <b>26.0</b>    | <b>51.3</b>    | <b>137.1</b>   |
| <b>(excl. Reserves)</b>                         |                  |                  |                  |                |                |                |                |                |                |                |
| <b>I. Capital Account (Net Transfers)</b>       | <b>(26.1)</b>    | <b>(20.7)</b>    | <b>(20.2)</b>    | <b>(12.4)</b>  | <b>(2.6)</b>   | <b>(2.4)</b>   | <b>(6.6)</b>   | <b>(9.8)</b>   | <b>(1.4)</b>   | <b>(1.1)</b>   |
| <b>II. Financial Account (Net)</b>              | <b>1,598.1</b>   | <b>629.7</b>     | <b>250.9</b>     | <b>14.2</b>    | <b>158.8</b>   | <b>(11.9)</b>  | <b>174.4</b>   | <b>35.8</b>    | <b>52.7</b>    | <b>138.2</b>   |
| 1. Direct Investment                            | 304.6            | 491.4            | 264.6            | 86.0           | 45.7           | 46.1           | 89.0           | 77.0           | 52.4           | 67.5           |
| 2. Portfolio Investment                         | (16.7)           | (11.7)           | (10.2)           | (2.3)          | (4.1)          | (1.8)          | (2.0)          | (2.3)          | (4.2)          | (1.8)          |
| 3. Other Investments                            | 1,310.2          | 150.0            | (3.5)            | (69.6)         | 117.2          | (56.3)         | 87.3           | (39.0)         | 4.5            | 72.4           |
| Central Gov't Long Term Capital                 | 834.7            | (8.2)            | (22.0)           | (32.9)         | (2.8)          | (33.9)         | (4.8)          | 17.3           | (0.6)          | 40.4           |
| Other Public Sector Capital                     | (9.8)            | (39.7)           | (22.6)           | 18.5           | (54.6)         | (4.5)          | (6.3)          | (5.5)          | (6.3)          | (5.0)          |
| Banks   | 39.5             | (140.8)          | (156.8)          | (132.9)        | 97.9           | (76.4)         | 43.5           | (78.8)         | (45.1)         | (64.8)         |
| Other   | 445.8            | 338.7            | 198.0            | 77.7           | 76.6           | 58.6           | 54.8           | 28.0           | 56.5           | 101.8          |
| <b>C. Net Errors and Omissions</b>              | <b>446.0</b>     | <b>660.9</b>     | <b>247.3</b>     | <b>178.5</b>   | <b>234.0</b>   | <b>227.7</b>   | <b>4.8</b>     | <b>109.6</b>   | <b>(94.9)</b>  | <b>269.1</b>   |
| <b>D. Overall Balance (A+B+C)</b>               | <b>509.4</b>     | <b>(217.7)</b>   | <b>561.8</b>     | <b>(271.4)</b> | <b>(104.2)</b> | <b>240.3</b>   | <b>120.7</b>   | <b>1.2</b>     | <b>199.5</b>   | <b>301.8</b>   |
| <b>E. Financing (Net)</b>                       | <b>(509.4)</b>   | <b>217.7</b>     | <b>(561.8)</b>   | <b>271.4</b>   | <b>104.2</b>   | <b>(240.3)</b> | <b>(120.7)</b> | <b>(1.2)</b>   | <b>(199.5)</b> | <b>(301.8)</b> |
| Change in SDR holdings                          | (3.3)            | (46.5)           | (33.9)           | (23.9)         | 0.2            | 0.6            | (0.1)          | (17.2)         | (17.3)         | (12.7)         |
| Change in Reserve Position with the IMF         | (1.5)            | 0.6              | 0.2              | 0.2            | 0.1            | 0.0            | (0.0)          | 0.5            | (0.4)          | 0.5            |
| Change in Ext. Foreign Assets ( ) = Increase    | (504.6)          | 263.6            | (528.0)          | 295.1          | 103.9          | (241.0)        | (120.6)        | 15.5           | (181.9)        | (289.7)        |

Source: Central Bank of The Bahamas

\* Figures may not sum to total due to rounding

**TABLE 15**  
**EXTERNAL TRADE**

(B\$ '000s)

| Period                                    | 2017               | 2018               | 2019               | 2018             |                  |                  |                  | 2019             |                  |
|---|--------------------|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   |                    |                    |                    | Qtr. I           | Qtr. II          | Qtr. III         | Qtr. IV          | Qtr. I           | Qtr. II          |
| <b>I. OIL TRADE</b>                       |                    |                    |                    |                  |                  |                  |                  |                  |                  |
| i) Exports                                | 72,692             | 101,558            | 44,767             | 26,569           | 19,774           | 26,898           | 28,317           | 22,287           | 22,480           |
| ii) Imports <sup>R</sup>                  | 552,863            | 583,402            | 297,928            | 145,498          | 102,957          | 233,644          | 101,302          | 127,670          | 170,258          |
| <b>II. OTHER MERCHANDISE</b>              |                    |                    |                    |                  |                  |                  |                  |                  |                  |
| <b>Domestic Exports</b>                   |                    |                    |                    |                  |                  |                  |                  |                  |                  |
| Crawfish                                  | 34,435             | 46,025             | 58,684             | 17,502           | 6,922            | 6,254            | 28,006           | 15,984           | 22,008           |
| Fish Conch & other Crustacea              | 33,783             | 2,653              | 2,770              | 367              | 1,435            | 618              | 350              | 1,045            | 1,437            |
| Other cordials & Similar Materials/Sponge | 884                | 496                | 450                | 123              | 9                | 141              | 177              | 190              | 271              |
| Fruits & Veggies.                         | -                  | -                  | -                  | -                | -                | -                | -                | -                | -                |
| Aragonite                                 | 2,040              | 1,828              | 2,816              | 535              | 735              | 849              | 697              | 607              | 873              |
| Other Natural Sands                       | 349                | 460                | 531                | 47               | 153              | 260              | 71               | 77               | 95               |
| Rum/Beverages/Spirits & Vinegar           | -                  | -                  | -                  | -                | -                | -                | -                | -                | -                |
| Crude Salt                                | 4,099              | 4,560              | 13,218             | 5,147            | 2,152            | 1,784            | 4,135            | 3,602            | 1,157            |
| Polystrene Products                       | 80,010             | 75,471             | 80,956             | 16,548           | 19,691           | 23,130           | 21,587           | 25,792           | 17,651           |
| Other                                     | 46,589             | 36,337             | 78,016             | 7,628            | 24,880           | 24,250           | 21,258           | 10,283           | 24,048           |
| <b>i) Total Domestic Exports</b>          | <b>202,190</b>     | <b>224,783</b>     | <b>237,441</b>     | <b>47,897</b>    | <b>55,977</b>    | <b>57,286</b>    | <b>76,281</b>    | <b>57,580</b>    | <b>67,540</b>    |
| <b>ii) Re-Exports</b>                     | <b>155,016</b>     | <b>171,827</b>     | <b>172,859</b>     | <b>34,664</b>    | <b>87,606</b>    | <b>30,263</b>    | <b>20,326</b>    | <b>40,906</b>    | <b>145,357</b>   |
| <b>iii) Total Exports (i+ii)</b>          | <b>357,206</b>     | <b>396,610</b>     | <b>410,301</b>     | <b>82,561</b>    | <b>143,583</b>   | <b>87,549</b>    | <b>96,608</b>    | <b>98,486</b>    | <b>212,897</b>   |
| <b>iv) Imports</b>                        | <b>2,529,125</b>   | <b>2,874,959</b>   | <b>2,938,015</b>   | <b>705,378</b>   | <b>875,255</b>   | <b>657,741</b>   | <b>699,641</b>   | <b>581,257</b>   | <b>811,272</b>   |
| <b>v) Retained Imports (iv-ii)</b>        | <b>2,374,109</b>   | <b>2,703,132</b>   | <b>2,765,156</b>   | <b>670,714</b>   | <b>787,649</b>   | <b>627,478</b>   | <b>679,315</b>   | <b>540,351</b>   | <b>665,915</b>   |
| <b>vi) Trade Balance (i-v)</b>            | <b>(2,171,919)</b> | <b>(2,478,349)</b> | <b>(2,527,715)</b> | <b>(622,817)</b> | <b>(731,672)</b> | <b>(570,192)</b> | <b>(603,034)</b> | <b>(482,771)</b> | <b>(598,375)</b> |

Source: Department of Statistics Quarterly Statistical Summaries

**TABLE 16**  
**SELECTED TOURISM STATISTICS**

| Period                                   | 2017      | 2018      | 2019      | 2018      |           |           | 2019      |           |           |           | 2020      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|  |           |           |           | Qtr. II   | Qtr. III  | Qtr. IV   | Qtr. I    | Qtr. II   | Qtr. III  | Qtr. IV   | Qtr. I    |
| <b>Visitor Arrivals</b>                  | 6,135,839 | 6,622,015 | 7,243,519 | 1,627,490 | 1,519,086 | 1,700,059 | 1,994,296 | 1,888,129 | 1,553,311 | 1,807,783 | 1,701,017 |
| Air                                      | 1,335,613 | 1,558,086 | 1,662,410 | 435,037   | 356,427   | 355,314   | 482,626   | 498,300   | 361,194   | 320,290   | 347,450   |
| Sea                                      | 4,800,226 | 5,063,929 | 5,581,109 | 1,192,453 | 1,162,659 | 1,344,745 | 1,511,670 | 1,389,829 | 1,192,117 | 1,487,493 | 1,353,567 |
| <b>Visitor Type</b>                      |           |           |           |           |           |           |           |           |           |           |           |
| Stopover                                 | 1,440,855 | 1,633,445 | 1,799,706 | 456,117   | 386,252   | 362,025   | 524,126   | 545,287   | 399,247   | 331,046   | 343,439   |
| Cruise                                   | 4,626,259 | 4,877,596 | 5,429,474 | 1,130,596 | 1,104,573 | 1,316,033 | 1,474,573 | 1,330,506 | 1,156,420 | 1,467,975 | 1,327,084 |
| Day/Transit                              | n.a.      |
| <b>Tourist Expenditure(B\$ 000's)</b>    | n.a.      |
| Stopover                                 | n.a.      |
| Cruise                                   | n.a.      |
| Day                                      | n.a.      |
| <b>Number of Hotel Nights</b>            | n.a.      |
| <b>Average Length of Stay</b>            | n.a.      |
| <b>Average Hotel Occupancy Rates (%)</b> |           |           |           |           |           |           |           |           |           |           |           |
| New Providence                           | 61.0      | 61.8      | 68.1      | 68.3      | 58.7      | 56.3      | 78.1      | 75.4      | 62.7      | 52.7      | 62.5      |
| Grand Bahama                             | n.a.      |
| Other Family Islands                     | n.a.      |
| <b>Average Nightly Room Rates (\$)</b>   |           |           |           |           |           |           |           |           |           |           |           |
| New Providence                           | 232.11    | 244.72    | 263.73    | 240.61    | 211.71    | 257.59    | 298.26    | 261.98    | 167.39    | 263.07    | 277.83    |
| Grand Bahama                             | n.a.      |
| Other Family Islands                     | n.a.      |

Source: The Ministry of Tourism, The Bahamas Hotel & Tourism Industry

# GROSS ECONOMIC CONTRIBUTION OF THE FINANCIAL SECTOR IN THE BAHAMAS (2019)

## INTRODUCTION

The financial services sector accounts for an estimated 15%-20% of the country's Gross Domestic Product (GDP), second only to the dominant tourism sector. The industry has a direct impact on domestic employment and expenditure, while also indirectly affecting other substantial sectors, such as construction, and wholesale & retail trade. In the domestic space, value-added is foremost from the intermediation of the resources and facilitation of payments and settlements for commerce. The international sector exports services, provide benefits more exclusively from employment and local operating expenses.

The 2019 survey of The Bahamas' financial services sector revealed that, in expenditure terms and tax revenues, the sector's economic contribution was slightly expanded. Yet heightened challenges remained, with further trend-reduction in employment and in the number of supervised financial institutions (SFIs), particularly, in international operations. The range of domestic financial services across banking, insurance, credit unions and other regulated activities were slightly expanded, albeit the mild credit environment tempered growth prospects. The international activities were further retrenched in both employment and licensed operations, notably in banking and securities industry activity. Uncertainty persisted around adjustments to the jurisdiction's embrace of global tax transparency and cooperation obligations; the convergence of commitments to counter financial crimes abuses; and the adverse interplay of punitive multi-lateral and bilateral sanctioning regimes. These continue to influence the re-domiciling of operations and clients to Europe, outweighing emerging growth in markets such as Latin America. In both domestic and international operations, there also continued to be efficiency driven reduction in operations costs.

The estimated balance sheet size of financial sector operations was expanded in 2019. Domestic and international banks assets registered a marginal rebound to \$186.6 billion, although remaining below estimates at the middle part of the decade. In terms of fiduciary assets, in 2019, a growth of 8.7% was recorded for an end-balance of \$254.9 billion. Similarly, a partial rebound in international assets under management was noted for the securities industry; while the onshore insurance and credit union positions also improved, with the former exceptionally boosted from undisbursed re-insurance claims settlements.

Meanwhile, supervisory bodies and policy makers continued to advance robust strengthening of the regulatory regime. At the Central Bank, this included further concentration on risk-based supervision for both banks and non-bank entities, and sustained strengthening of the AML/CFT framework. Developments in the sector also featured the successful completion of The Bahamas' second Financial Sector Assessment Programme (FSAP) mission in January 2019, conducted by a team from the International Monetary Fund (IMF). The assessment 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, the insurance and securities activities. The findings indicated that there were no threats to financial stability in The Bahamas. Pursuit of enhanced financial inclusion and financial access outcome was also noteworthy, with payments system modernization initiatives helping to promote the digital reach of domestic services.

## GOVERNMENT REVENUES

Aggregate tax revenues by the Government, continue to track the financial sector's trend-performance, narrowing by 13.6% to an estimated \$157.5 million in 2019. A reduced volume of domestic intermediation

trimmed the associated levies by 21.2% to an estimated \$86.0 million, due to lesser valuations on mortgage underwriting, and in the volume of cash and check withdrawals. However, license and registration fees also fell by 2.2% to \$71.5 million. In particular, the returns from banks and trust companies (70.8% of the total) declined by 0.8%; and from international businesses (18.6% of the total), by 9.4%. The associated collections on investment funds (9.2% of the total) rose by 1.2%. Licensing and registration fees have remained elevated since the middle of the decade, though predominately as result of significant appreciation in rates levied on both domestic and international banks trust companies. For commercial banks, this also incorporated new business license fees that were replaced with revenue neutral domestic supervisory levies, starting in 2020.

## THE BANKING SECTOR

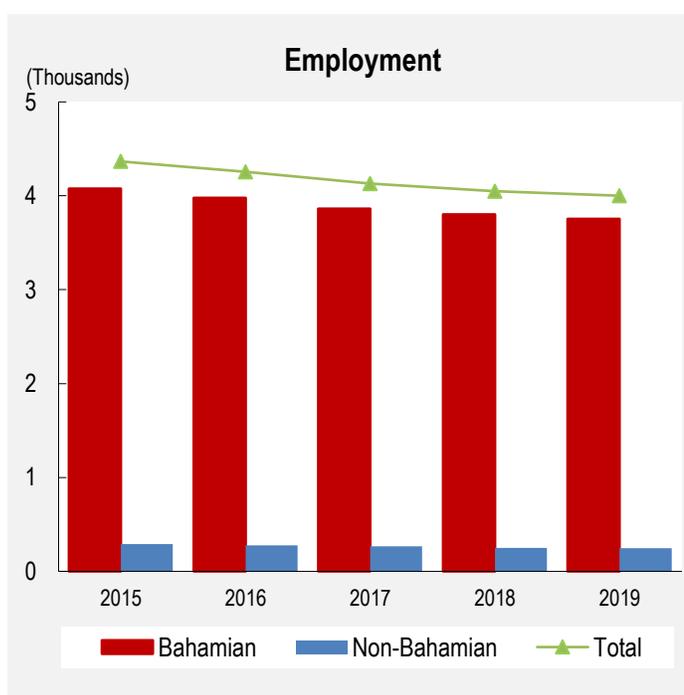
The banking sector remained as the dominant component in the financial system, with domestic intermediation as the largest concentration of activity. On the domestic side, commercial banks operated within an environment of elevated liquidity, attributed to persistently subdued private sector credit demand and banks’ conservative lending posture. These SFIs’ credit quality indicators improved, amid ongoing debt restructuring activities, and accommodative hurricane relief measures. Operations costs increases, more so than employment benefits, fueled higher expenditures in the economy.

Amid ongoing adjustments to external market pressures, the total number of banks and trust companies licensed in The Bahamas decreased further by 10 to 221 in 2019, after a decline of 11 in 2018. Restricted, non-active and nominee licenses reduced by 6 to 136, while public banks and trust companies fell by 4 to 85. The public institutions provide a mix of domestic and international services, with some 47 Bahamian incorporated entities and 14 euro currency branches of foreign banks operating exclusively in the international space. The remaining 16 authorized agents and 8 authorized dealers—inclusive of 7 clearing banks—serviced both sectors. That said, the retail product focus of domestic services generated most of the sector’s value added, even though the high net worth, private banking clientele of international operations supported a balance sheet more than 10-fold higher than the local sector.

Total domestic assets of the domestic banking sector grew by 7.4% to \$10.7 billion in 2019, a turnaround from a 2.4% falloff in 2018 and an average 0.4% over the past five years, amid a rise in holdings of Government Treasury bills and other classified assets. Assets of the international banking sector also increased, by 1.1% to \$167.9 billion, a reversal from a 1.5% decline in 2018. Nevertheless, over the last five years such assets contracted by an average annual rate of 6.0%, as international operations continued to adjust to new and expanding regulatory initiatives.

## EMPLOYMENT

Reflective of the ongoing automation of operations and consolidation of businesses, total employment within banks and trust companies declined by 48 (1.2%) to

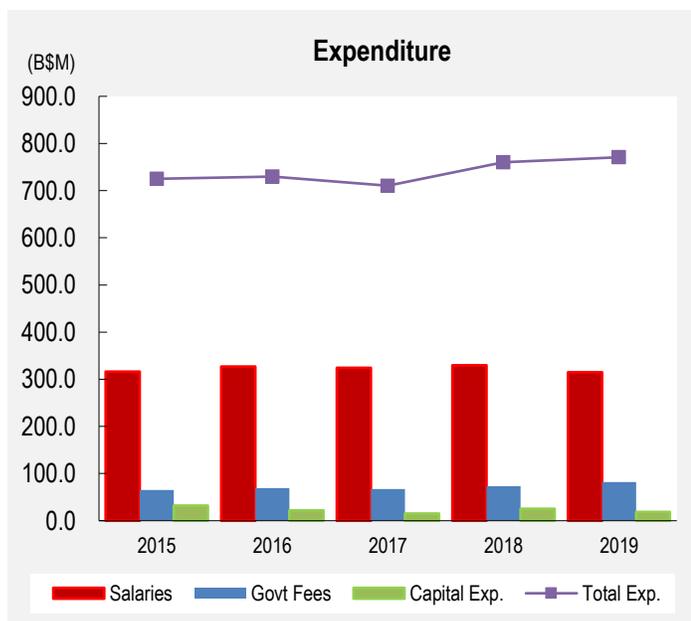


approximately 4,001 in 2019. This followed a 1.9% decrease a year earlier, and an average reduction of 3.1% over the past five years. A breakdown by nationality showed that both Bahamian and non-Bahamian employees reduced by 46 (1.2%) and 2 (0.8%), respectively, to 3,754 and 247 persons. As a result, the share of Bahamian employees in the banking sector softened by 10 basis points to 93.8% over 2018. An analysis by activity revealed that an estimated 65.5% of Bahamians were employed in the local banking sector; 15.7% in international banking, 11.9% in trust administration and 6.9% in other wealth management related activities.

## EXPENDITURES

Total expenditure in the banking sector rose by \$10.6 million (1.4%) to \$770.8 million in 2019, compared to a 7.0% increase in 2018 and an average 3.0% over the 2014-2018 period.

Underlying this outcome, total operational costs—which accounts for 97.6% of expenditure—grew by \$17.6 million (2.4%) to \$752.3 million, following a 5.7% gain last year. However, tracking employment, salaries the largest single expense, reduced by \$14.6 million (4.4%) to \$315.1 million, reversing the 1.6% gain last year. This captured declines of 2.5% and 14.2% in base salaries and bonuses, respectively. Also, staff training edged down by \$0.4 million (13.8%) to \$2.6 million, vis-à-vis a 14.6% expansion in 2018. Offsetting, other administrative costs—inclusive of utilities and charitable contributions—moved higher by \$23.8 million (7.2%) to \$352.9 million, compared to a 9.5% increase a year earlier. Further, payment of Government fees rose by \$8.8 million (12.0%) to \$81.7 million, extending the 8.5% growth in the previous year. Most of these corresponded to licensing renewal costs (\$50.6 million), stamp duty (\$11.2 million), real property tax (\$1.5 million) and other Government fees (\$15.4 million).



Banks and trust companies' capital outlays fell by \$6.9 million (27.4%) to \$18.4 million, contrasting with a 63.1% growth last year, and an average increase of 1.2% over the past five years. The major categories of investments were in purchase of office equipment and furniture (\$15.0 million), and office space renovation (\$3.2 million).

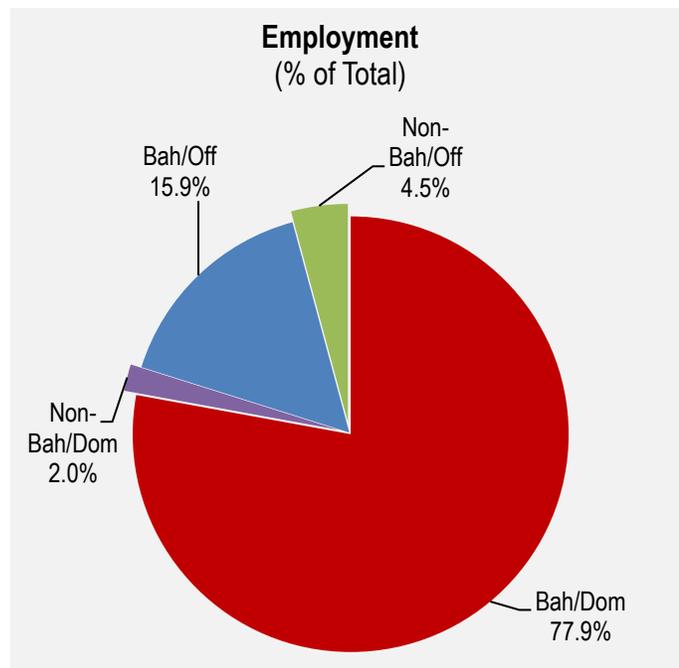
## DOMESTIC VERSUS INTERNATIONAL BANKING

A disaggregated analysis of domestic and international banking operations allows for a more detailed comparison between the domestic sector's retail oriented services and the international banking sector's wealth management related activities. This underscores the larger employment footprint of domestic operations, with a much smaller balance sheet; even though some of these entities also offer significant international services.

## EMPLOYMENT

Total employment in the domestic banking sector grew by 13 (0.4%) to 3,195 persons in 2019, following a 1.6% increase in 2018, and in opposition to an average yearly decline of 2.4% over the last five years. However, employment in the international sector decreased again, by 61 (7.0%) to 806 persons. This was still lower than the 13.0% falloff a year earlier, and an average reduction of 5.6% between 2014 and 2018, reflecting the closure of some international banks and the change in residency status to domestic banks.

An analysis of the employment composition in the domestic banking sector revealed that gains were largely attributed to an increase of 13 (19.7%) to 79 non-Bahamian posts, vis-à-vis a 22.2% advance in 2018. However, total Bahamian employment was stable at 3,116, after a 1.2% uptick last year. Consequently, the ratio of Bahamian to non-Bahamian employees narrowed to 39:1 from 47:1 in 2018.

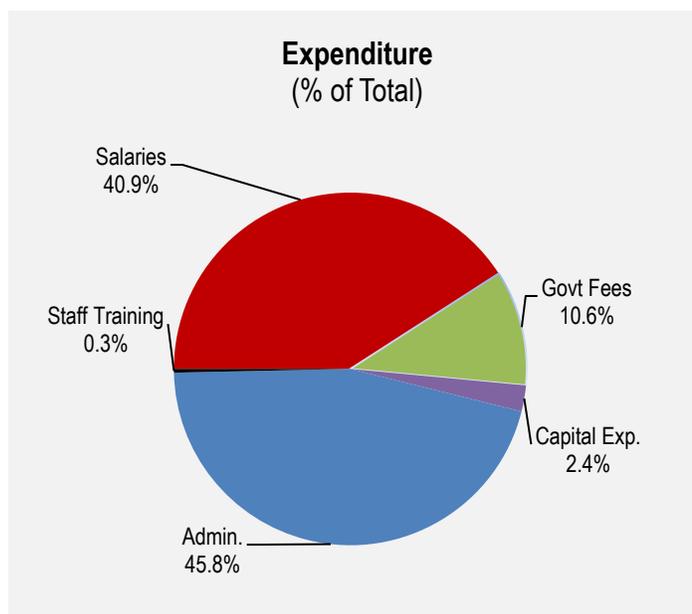


In the international sector, reductions were noted across both employee categories. Specifically, the total Bahamian staff contracted by 46 (6.7%) to 638, adding to the 12.6% falloff in the prior year. The non-Bahamian staff levels also reduced by 15 (8.2%) to 168, compared to a 14.1% decline in 2018. As a result, the ratio of Bahamian to non-Bahamian employees, in international operations firmed to 3.8:1, from 3.7:1 in 2018.

With regard to compensation, movements in average salaries varied across the banking sectors. In particular, the average salary in the international sector grew by 1.2% to \$112,419. Conversely, the average salary in the domestic sector fell by 1.0% to \$55,708. Over the last five years average salaries in the international sector rose by an estimated 4.7% per annum; while the corresponding domestic compensation strengthened by an average 4.9% per annum.

## EXPENDITURES

The domestic banking sector has continued to experience expenditure growth, in contrast to retrenchment in the international sector. Total



expenditure in domestic operations rose by 2.6% to \$524.5 million in 2019, trailing both the 10.0% expansion of year earlier and the average increase of 4.8% over the past five years. Specifically, total operational costs—which accounts for 97.0% of total outlays—grew by 2.7% to \$509.1 million, after a 9.7% gain in 2018. A review of operational costs revealed that this growth was attributed mainly to a 14.4% rise in Government fees to \$72.8 million, relative to a 10.8% increase last year. Similarly, non-staff administrative costs moved higher by 2.1% to \$238.9 million, after rising by 11.5% in 2018. However, salary expenses edged down by 0.1% to \$195.8 million, vis-à-vis a 7.2% gain in 2018, as the 0.6% decrease in base salaries outweighed the 5.3% increase in bonuses; and outlays for training contracted by 24.3% to \$1.6 million, after a 22.1% growth last year. On the capital expenditure side, spending edged up by 1.0% to \$15.4 million, after a healthier 20.9% advance in 2018.

In the international sector, as expenditure outlays fell by 1.1% to \$246.3 million in 2020, a turnaround from the 1.4% uptick a year earlier, and further to an annual average decline of 0.1% over the 2014 to 2018 period. Underlying this development, capital expenditure reduced by 69.6% to \$3.1 million, following a two-fold expansion in 2018. However, operational costs rose by 1.8% to \$243.2 million, extending the 1.6% gain last year. In particular, non-staff administrative costs expanded by 19.9% to \$114.0 million, exceeding the 4.9% growth in 2018. Likewise, outlays for staff training increased by 10.3% to \$1.0 million, after a 0.4% uptick in the previous year. However, salary expenses fell further by 10.7% to \$119.3 million, after a 5.5% decline in 2018, as base earnings and bonuses registered reductions of 6.0% and 23.0%, respectively. Further, Government fees decreased by 4.9% to \$8.9 million, surpassing the 4.2% decline last year, due to respective declines in payments for real property and stamp taxes.

## **OTHER FINANCIAL SECTOR ACTIVITIES**

### **SECURITIES INDUSTRY**

Comprehensive data on expenditure and employment was not available for the securities industry, however reductions in the volume of supervised entities and vehicles suggest abated activity. According to the Securities Commission of The Bahamas (SCB), the number of registered securities firms increased by 7 to 164, while the number of licensed investment fund administrators declined by 5 to 57. Further, the number of licensed investment funds under administration fell by 23 to 725. Nevertheless, total assets under management rose just above an estimated \$190.0 million in 2019, nearly recovered to the 2015 valuation.

The SCB also continued to supervise financial and corporate services providers (FCSPs), which are domestic professional firms that provide services to the financial sector, inclusive of incorporation and the management of international business companies (IBCs). In 2019, the number of FCSPs decreased by 4 to 349.

### **INSURANCE SECTOR**

Indications are that conditions within the local insurance sector remained relatively stable in 2019, despite the losses suffered by non-life firms following the passage of Hurricane Dorian, which devastated Abaco and Grand Bahama. The most recent data from the Insurance Commission of The Bahamas (ICB), revealed that the number of licensed insurers, brokers and agents increased by 9 to 160 in 2019. In particular, domestic intermediaries and insurers increased by 9 to 127, while the number of external insurers and intermediaries steadied at 33.

Amid the influx of reinsurance claims settlements related to Hurricane Dorian, that were still undisbursed at year's end, total assets of domestic companies rose by 51.2% to \$3,107.0 million in 2019. Notably, assets of

the general insurers more than doubled to \$1,661.0 million from \$610.5 million in 2018. The asset base of the long-term insurance segment increased by a muted 0.1% to \$1,446.0 million.

The insurance sector continued to provide relatively stable employment in the region of 1,200 persons in 2019, with average annual salaries close to \$50,000. Although a comprehensive estimate was not derived, indications are that overall expenditures in the economy increased. In particular, with outlays among domestic long-term insurers projected at \$208.6 million, of which 94.3% represented operating cost.

## CREDIT UNIONS

The credit union sector sustained modest growth in economic value-added in 2019, on a stable base of 10 regulated entities—inclusive of the Bahamas Co-operative League Limited. The sector's aggregate assets advanced by 5.6% to \$476.0 million, owing in large measure to a 46.3% rise in liquid assets (mainly cash and deposits). Further, loans to members grew by 1.1% to \$226.8 million, due primarily to expansion in education related facilities. Funding resources, from largely members' deposits, rose by 6.5% to \$411.3 million.

Excluding intermediation costs, credit unions' total expenditure firmed by \$0.5 million (1.8%) to \$31.6 million in 2019. Specifically, operational outlays rose by \$1.6 million (9.1%) to \$19.2 million, attributed to a 13.9% growth in general business expenses to \$0.4 million and a 6.1% increase in staff expenses to \$7.5 million, while the remaining non-capital costs rose by 10.8% to \$6.5 million. Meanwhile, capital expenditure (investment property expenses) grew by 6.8% to \$1.7 million during the review year. With regard to employment, the total number of staff firmed by 1 to 183 persons at end-2019.

## OTHER FINANCIAL SECTOR DEVELOPMENTS

Efforts continued, among key stakeholders, regulators and the public sector to strengthen the Bahamian financial services infrastructure, with sustained focus on satisfying international regulatory benchmarks, and addressing the jurisdiction's obligations on tax transparency and cooperation; reducing financial crimes risks; prudential regulation; and enhancing the product base of the sector.

The work of the Group of Financial Services Regulators (GFSR)<sup>1</sup>, remained pivotal in addressing AML/CFT and anti-proliferation, with ongoing emphasis on the development of joint industry guidance and convening joint engagements with key stakeholders to promote awareness of the national risk reduction strategy for financial crimes. In this regard, The Bahamas' first National Conference on AML/CFT Risk Management was held in June 2019. Regulators also published the ***Bahamas 2018 AML/CFT Report*** in February 2019, focusing on sub-sector developments and risk assessments to inform strategic improvements. GFSR representatives, along with law enforcement agencies also maintained engagement through the Attorney General's Office, with the Regional (CFATF) and Plenary bodies of the Financial Action Task Force. This work focused on executing and monitoring follow-up progress on the 2017 Mutual Evaluation Report on the jurisdiction's AML/CFT effectiveness.

## CENTRAL BANK INITIATIVES

At the Central Bank, initiatives targeted overarching strengthening of the supervisory regime, employing risk-based supervision, for both bank and non-bank entities on AML/CFT and other financial crimes risks, with heightened importance on identifying trends and emerging risks. The Bank launched an engagement

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<sup>1</sup> GFSR members are the Central Bank of The Bahamas, the Securities Commission of The Bahamas, the Insurance Commission of The Bahamas, the Gaming Board for The Bahamas and the Compliance Commission of The Bahamas. The Financial Intelligence Unit also participates in GFSR meetings and activities.

strategy, to sustain correspondent banking relationships, publishing an inaugural newsletter to keep correspondents informed of the jurisdiction's AML efforts. Further, the Bank introduced a new reporting and analytic template to continuously monitor regulatory compliance and the effectiveness of SFIs' risk management systems. The Bank signaled that the next progression would be a tailored report on the outcome of the onsite examinations of these systems that could be disclosed to the respective correspondent banks of SFIs.

Otherwise, the Central Bank concluded the final round of consultation on the proposed legal reforms to the crisis management framework for its SFIs; and to the Central Bank's governance arrangements. On prudential and financial stability, the proposals address strengthening and clarification of the proposed resolution approach for trouble financial institutions; extension of participation in the deposit insurance scheme to credit unions; and broadening of participation in the payments and settlements system to all Central Bank SFIs. The reforms, which touch on other areas too, will result in a new and revamped, Central Bank of The Bahamas Act, a new version of the Bank's and Trust Companies Regulations Act, and amendments to the Protection of Depositors Act.

The last round of public consultation on legal reforms, incorporated input from The Bahamas' second Financial Sector Assessment Programme (FSAP) mission, led by the IMF, in January 2019. The assessment comprised comprehensive reviews of the key segments of the sector, predominantly banking, and to a lesser extent, the insurance and securities activities. The findings summarize that there were no significant threats to the stability of the Bahamian financial sector; and acknowledged the strategic initiatives implemented since the 2012 Mission, which aided in strengthening the overall regulatory and supervisory framework for the banking and trust sectors. The FSAP's input to the draft legislation help to refine crisis management provisions.

In the domestic space, the Central Bank also sustained development of the centralized securities depository (CSD) for Bahamas government debt. This is part of the modernization process to list and trade these instruments on the Bahamas International Securities Exchange (BISX); and to eventually introduce market-based mechanism for the issuance pricing of Government debt. These advances also progress the Central Bank closer towards developing indirect instruments for monetary policy implementation.

As a critical plank in promoting financial inclusion and modernizing the domestic payments system, the Bank piloted the introduction of the Bahamian digital currency, Project Sand Dollar, in Exuma on December 27, 2019. The pilot was expanded to Abaco in February 2020. This initiative is to provide the country with a modernized, interoperable payments infrastructure, accessible to all residents. In addition to the targeted full integration of micro, small and medium-sized businesses into the digital payments ecosystem, expectations are that the digital currency infrastructure will enable universal access to banking services; help to reduce unrecorded economic activities; and help to curtail money laundering and other illicit activities more easily perpetrated with cash. The Bank anticipates moving beyond the pilot phase in the third quarter of 2020, taking advantage of the regulatory framework that would be enabled under the Central Bank of the Bahamas Bill, 2020.

In 2019, the Bank also advanced the ease of access to credit initiative by issuing the first credit bureau license to CRIF Information Services Bahamas Limited. This followed passage of the Credit Reporting Act in 2018, and issuance of the accompanying regulations in the first quarter of 2019. With the introduction of the credit bureau, the jurisdiction is now positioned to strengthen the information quality upon which lending decisions are made.

## CONCLUSION AND OUTLOOK

Although marginal growth was evident in segments of the financial sector's contribution to the Bahamian economy in 2019, it was still overshadowed by the average trend of consolidation stemming from uncertainties in the international space, and the persistent need for efficiency driven adjustments in operating costs. The international product offering has continued to experience negative fallout from the implementation of international tax cooperation and transparency initiatives, suppression of financial crimes risks, and the political sanctioning regimes that empower these reforms. In these respect, losses have concentrated in the European market, with the likelihood that this segment will fuel further re-domiciling of clients and financial institutions to their home countries. That said, business opportunities in new markets such as Latin America have attracted the establishment of new operations, and growth within such client bases for some longer standing licensees.

Beyond contribution that will continue to be anchored by growth in domestic services, from the essential intermediation activities, aggregate outcomes for the financial services sector are also expected to rest upon the adjustment processes within the international sector. Maintaining parity with global regulatory standards, prudential and otherwise, as well healthy outcomes from engagement in the international political process are essential to promoting favourable medium term outcomes for these activities. For its part, the Central Bank will sustain its focus on strengthening the regulatory framework of its SFIs, as this is a key component in the country's offering to international clients. The collaborative stance across all regulators will continue to be strengthened, so as to support the growth and resilience of the financial services sector. The ongoing regulatory reforms are also essential to maintaining confidence and stability in domestic financial services. These objectives will also be sustained through initiatives that promote financial inclusion and financial literacy.

The financial sector's medium-term prospects also hinge on sustained exploitation of new growth prospects in the international space and policy initiatives to strengthen the competitiveness of the operating environment for both domestic and international institutions. Even with business growth, the search for cost efficiencies, including through the increasing digital delivery of financial services, will constrain average employment growth in the medium-term—especially within domestic financial services. That said, the recent establishment of the credit bureau, will reduce medium and longer-term uncertainties, and is expected to generate bi-directional benefits between credit expansion and economic activity.

**Table A: Government Revenue from Financial Sector Activities (B\$ Millions)**

| Period                                    | 2015p        | 2016p        | 2017p        | 2018p        | 2019p        |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>A. Taxes on Transactions</b>           | <b>97.9</b>  | <b>88.4</b>  | <b>98.5</b>  | <b>109.2</b> | <b>86.0</b>  |
| Gross Insurance Premium Tax 1/            | 21.9         | 21.7         | 22.1         | 23.2         | 24.3         |
| Stamp Tax on Mortgages                    | 9.0          | 15.5         | 15.2         | 18.5         | 8.3          |
| Stamp Tax on Other Banking Transactions   | 66.7         | 51.0         | 61.0         | 67.3         | 53.2         |
| Stamp Tax on Instruments & Bonds          | 0.3          | 0.2          | 0.2          | 0.3          | 0.4          |
| <b>B. Licence &amp; Registration Fees</b> | <b>71.3</b>  | <b>67.5</b>  | <b>71.0</b>  | <b>73.1</b>  | <b>71.5</b>  |
| International Business Companies (IBCs)   | 16.7         | 14.4         | 15.1         | 14.7         | 13.3         |
| Banks and Trust Companies 3/              | 49.0         | 47.6         | 50.5         | 51.0         | 50.6         |
| Insurance Companies, Brokers & Agents     | 0.4          | 0.4          | 0.3          | 0.3          | 0.4          |
| Financial & Corp. Svcs. Providers         | 0.5          | 0.5          | 0.6          | 0.6          | 0.6          |
| Investment Funds 2/                       | 4.7          | 4.6          | 4.5          | 6.5          | 6.6          |
| <b>C. Total Revenues</b>                  | <b>169.2</b> | <b>155.9</b> | <b>169.5</b> | <b>182.3</b> | <b>157.5</b> |

Sources: Bahamas Government's Treasury Department, Securities Commission of The Bahamas.

Notes: 1/ Premium Tax collected from Insurance Companies.

2/ Amounts collected by the Securities Commission.

3/ Amounts revised to include other fees payable.



**TABLE C. GROSS ECONOMIC CONTRIBUTION OF BANKS AND TRUST COMPANIES**

| Period   | 2015p                 | 2016p  | 2017p  | 2018p  | 2019p  | 2015p                | 2016p   | 2017p   | 2018p   | 2019p   |
|--|-----------------------|--------|--------|--------|--------|----------------------|---------|---------|---------|---------|
|  | <b>DOMESTIC</b>       |        |        |        |        | <b>INTERNATIONAL</b> |         |         |         |         |
| <b>A. TOTAL EMPLOYMENT</b>                     | 3,253                 | 3,163  | 3,133  | 3,182  | 3,195  | 1,113                | 1,093   | 996     | 867     | 806     |
| 1. Non-Bahamians                               | 29                    | 34     | 54     | 66     | 79     | 261                  | 243     | 213     | 183     | 168     |
| 2. Bahamians (of which)                        | 3,224                 | 3,129  | 3,079  | 3,116  | 3,116  | 852                  | 850     | 783     | 684     | 638     |
| i) Local Banking                               | 2,700                 | 2,610  | 2,500  | 2,430  | 2,457  | --                   | --      | --      | --      | --      |
| ii) Offshore Banking                           | 13                    | 15     | 97     | 182    | 200    | 544                  | 541     | 491     | 445     | 390     |
| iii) Trust Administration                      | 277                   | 263    | 310    | 317    | 292    | 197                  | 187     | 215     | 166     | 155     |
| iv) Other                                      | 234                   | 241    | 172    | 187    | 167    | 111                  | 122     | 77      | 73      | 93      |
|  | <b>(B\$ Millions)</b> |        |        |        |        |                      |         |         |         |         |
| <b>B. TOTAL OPERATIONAL COSTS (1+2+3+4)</b>    | 434.1                 | 444.3  | 452.0  | 495.8  | 509.1  | 257.8                | 263.7   | 242.8   | 239.0   | 243.2   |
| 1. Salaries <sup>1</sup>                       | 176.0                 | 178.8  | 182.9  | 196.0  | 195.8  | 140.5                | 148.2   | 141.5   | 133.7   | 119.3   |
| i) Base Salaries                               | 159.9                 | 162.2  | 166.1  | 179.1  | 178.0  | 110.8                | 116.3   | 105.5   | 96.3    | 90.6    |
| ii) Bonuses                                    | 16.2                  | 16.6   | 16.8   | 16.9   | 17.8   | 29.7                 | 31.9    | 36.0    | 37.3    | 28.7    |
| 2. Government Fees                             | 52.7                  | 57.7   | 57.5   | 63.7   | 72.8   | 12.7                 | 11.3    | 9.8     | 9.4     | 8.9     |
| i) Licence                                     | 41.7                  | 40.7   | 44.3   | 44.9   | 44.5   | 7.3                  | 6.9     | 6.2     | 6.2     | 6.1     |
| ii) Company Registration                       | 0.1                   | 0.0    | 0.0    | 0.4    | 0.1    | 1.0                  | 0.3     | 0.7     | 0.2     | 0.2     |
| iii) Work Permits                              | 0.5                   | 0.5    | 0.6    | 0.9    | 0.7    | 1.9                  | 2.2     | 2.0     | 1.8     | 1.9     |
| iv) Other Government Fees                      | 10.5                  | 16.4   | 12.5   | 17.5   | 27.5   | 2.6                  | 1.8     | 0.9     | 1.1     | 0.6     |
| 3. Staff Training                              | 1.2                   | 2.0    | 1.7    | 2.1    | 1.6    | 0.9                  | 1.0     | 0.9     | 0.9     | 1.0     |
| 4. Other Administrative Costs                  | 204.2                 | 205.9  | 210.0  | 234.1  | 238.9  | 103.7                | 103.2   | 90.6    | 95.0    | 114.0   |
| <b>C. CAPITAL EXPENDITURE<sup>2</sup></b>      | 19.2                  | 14.4   | 12.6   | 15.2   | 15.4   | 13.1                 | 7.3     | 3.0     | 10.2    | 3.1     |
| <b>D. TOTAL EXPENDITURE (B+C)</b>              | 453.2                 | 458.7  | 464.6  | 511.0  | 524.5  | 271.0                | 271.0   | 245.8   | 249.2   | 246.3   |
| <b>E. AVERAGE SALARY (B\$'000)<sup>3</sup></b> | 49,144                | 51,291 | 53,028 | 56,289 | 55,708 | 99,562               | 106,405 | 105,911 | 111,129 | 112,419 |

Source: Central Bank of The Bahamas

<sup>1</sup> Includes bonuses.

<sup>2</sup> Includes construction, renovation expenses and other fixed assets.

<sup>3</sup> Excludes bonuses.

**Table D: Other Selected Financial Sector Statistics**

|   | Unit                | 2015r      | 2016r      | 2017r      | 2018r      | 2019p      |
|---|---------------------|------------|------------|------------|------------|------------|
| <b>Investment Funds</b>                                 |                     |            |            |            |            |            |
| Licensed Investment Funds                               | Number              | 885        | 859        | 783        | 748        | 725        |
| <b>Licensed Administrators</b>                          | <b>Number</b>       | <b>66</b>  | <b>64</b>  | <b>62</b>  | <b>62</b>  | <b>57</b>  |
| Net Asset Value   | <i>B\$ Billions</i> | 200.2      | 136.8      | 86.3       | <i>n/a</i> | 192.6      |
| <b>Insurance Companies and Agents</b>                   |                     |            |            |            |            |            |
| <b>Domestic Companies and Agents</b>                    | <b>Number</b>       | <b>148</b> | <b>142</b> | <b>144</b> | <b>151</b> | <b>160</b> |
| Total Domestic Assets                                   | <i>B\$ Millions</i> | 1,768.1    | 2,305.0    | 2,185.3    | 2,055.5    | 3,107.0    |
| Average Annual Salaries*                                | <i>B\$</i>          | 44,250     | 44,390     | 44,746     | 43,934     | 47,939     |
| Operating Costs / Total Expenditure                     | <i>%</i>            | 94.2       | 97.1       | 97.0       | 97.0       | 94.3       |
| <b>External Insurers &amp; Intermediaries</b>           | <b>Number</b>       | <b>32</b>  | <b>30</b>  | <b>29</b>  | <b>33</b>  | <b>33</b>  |
| <b>Credit Unions (Active)</b>                           |                     |            |            |            |            |            |
| <b>Number of Unions</b>                                 | <b>Number</b>       | <b>9</b>   | <b>10</b>  | <b>10</b>  | <b>10</b>  | <b>10</b>  |
| Total Assets  | <i>B\$ Millions</i> | 370.6      | 395.5      | 420.8      | 450.9      | 476.0      |
| Employment  | <i>Number</i>       | 156        | 162        | 165        | 182        | 183        |
| Average Annual Salaries                                 | <i>B\$</i>          | 29,091     | 37,383     | 33,352     | 30,473     | 31,525     |
| Total Expenditure                                       | <i>B\$ Millions</i> | 28.63      | 28.26      | 29.25      | 31.04      | 31.58      |
| Operating Costs / Total Expenditures                    |                     | 50.1       | 54.2       | 53.1       | 56.7       | 60.8       |
| <b>Bahamas International Securities Exchange (BISX)</b> |                     |            |            |            |            |            |
| <b>Securities Listed</b>                                | <b>Number</b>       | <b>45</b>  | <b>53</b>  | <b>53</b>  | <b>49</b>  | <b>44</b>  |
| Shares Traded   | <i>Thousands</i>    | 3,223      | 5,553      | 5,129      | 8,520      | 8,853      |
| Market Capitalization                                   | <i>B\$ Billions</i> | 3.68       | 4.44       | 3.27       | 5.40       | 5.01       |

**Sources:**

Bahamas International Securities Exchange (BISX), Credit Unions,  
The Securities Commission of The Bahamas and The Insurance Commission of The Bahamas.

**Notes:**

\*2015-2018 data is based on Central Bank estimates and surveys. 2019 based on survey and includes bonus & commissions.