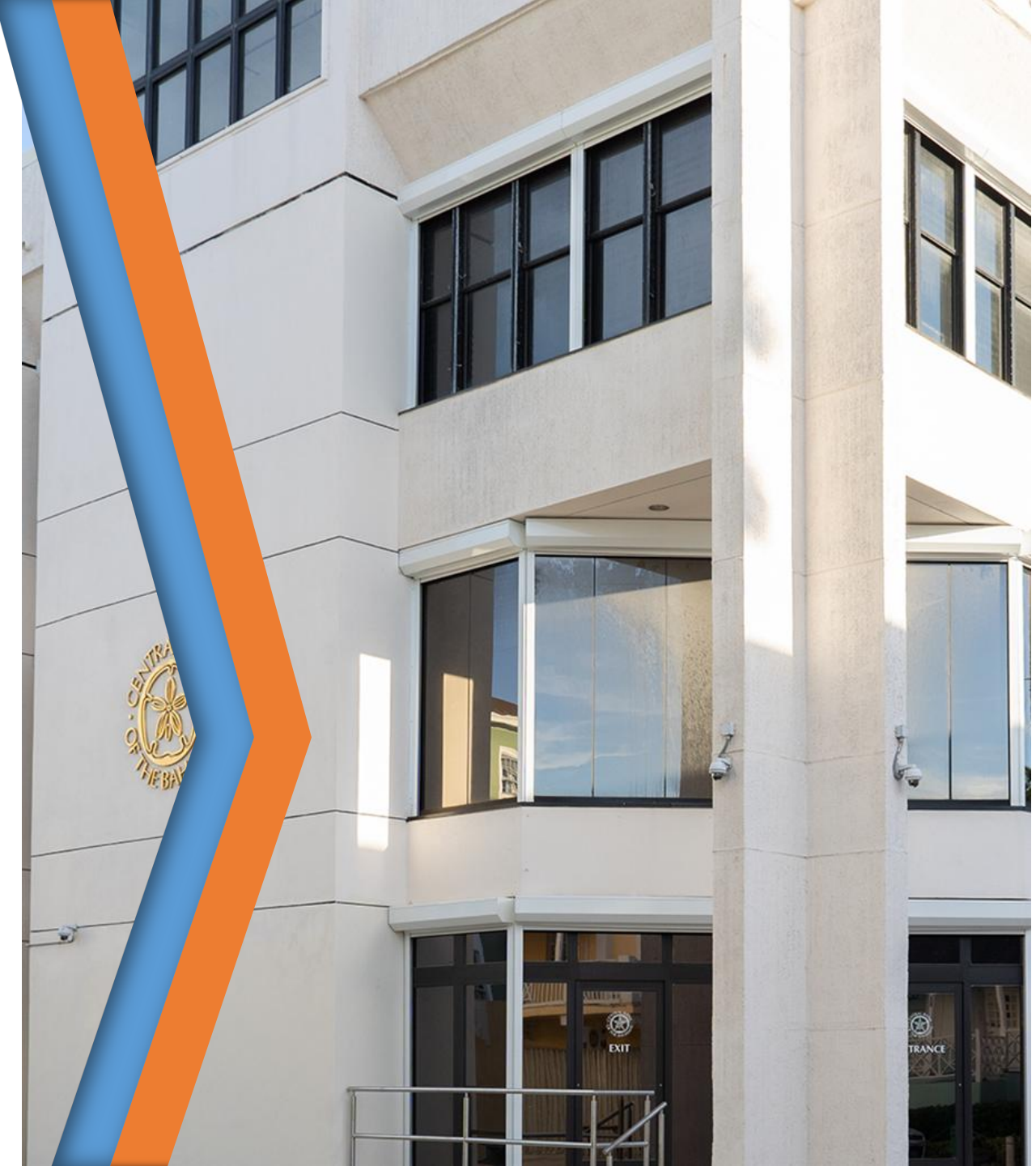


Quarterly Economic and Financial Developments Report

September 2026

*Featuring the latest Bank Lending Conditions Survey
for the First Half of 2026*

Research Department



Domestic Economic Developments

Preliminary indications revealed that the Bahamian economy sustained its growth momentum during the first nine months of the year, still trending above potential, bolstered by tourism and foreign investment gains. Tourism expansion reflected ongoing improvements in both the high value-added air segment and sea traffic.

Real Sector

- Tourist arrivals increased by 14.5% to 9.6 million in the eight months to August, driven by a rise in both air and sea passengers.
- Visitor departures via Nassau International Airport rose by 6.0% to 1.3 million.
- The unemployment rate fell by 60 basis points to 8.1% in the first quarter of 2026, as compared to the previous quarter and 2.7 percentage points relative to the same quarter last year.

Monetary Sector

- Over the nine-month period, banking sector liquidity featured a contraction in the narrow measure and an expansion in the broad measure, as the rise in the deposit base outpaced growth in domestic credit.
- External reserves grew by \$139.1 million in the first nine months of 2026, slowing from a \$189.1 million accumulation in the comparative period of 2025.



TOURISM SECTOR

Visitor Arrivals

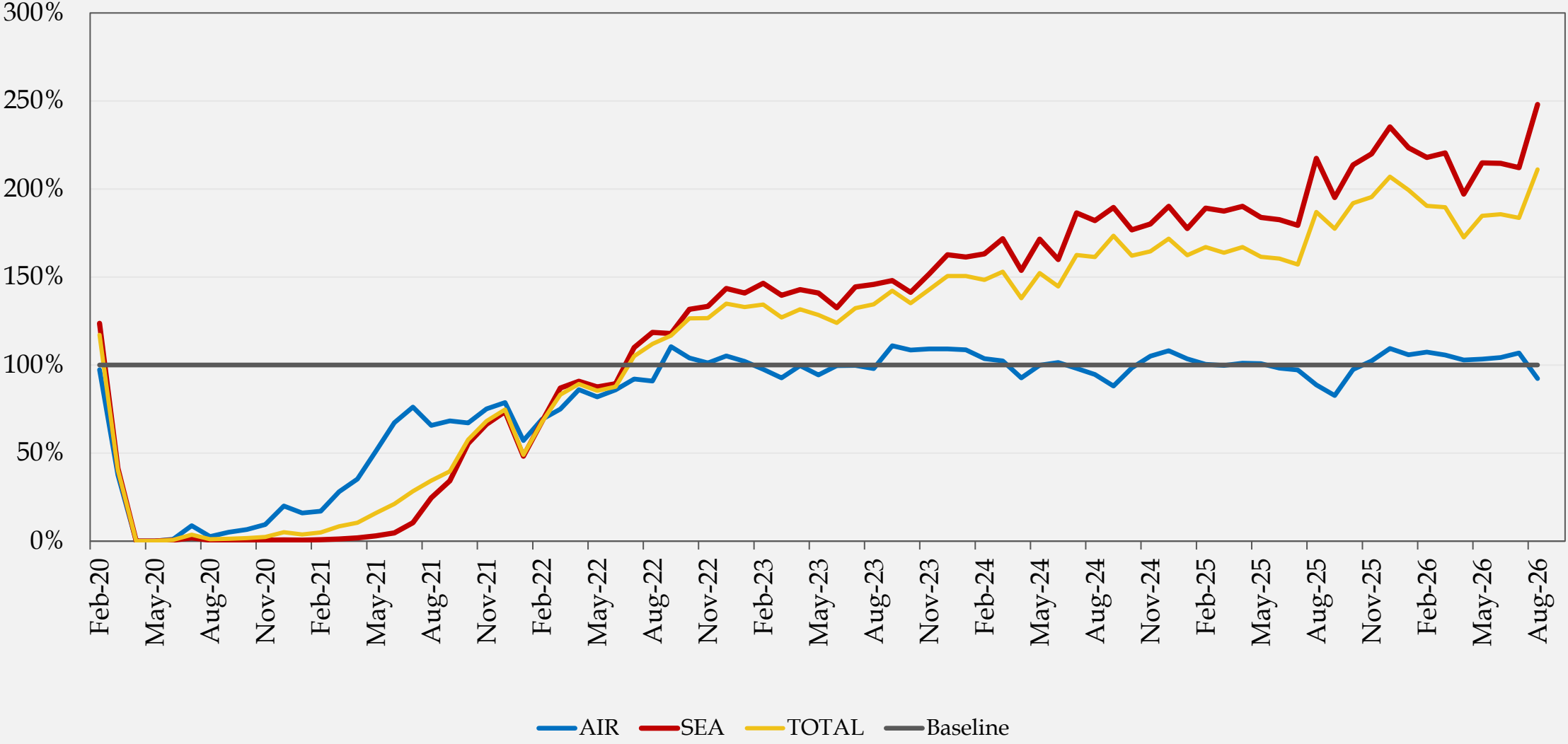
(January – August 2026)

Official data from the Ministry of Tourism indicated that total visitor arrivals rose by 14.5% to 9.6 million during the first eight months of 2026, compared to the corresponding 2025 period.

- Sea visitor gains accelerated, up by 16.1% to 8.3 million.
- Air visitors rebounded by 5.6% to 1.3 million.

	All Bahamas (% Change)		New Providence (% Change)		Grand Bahama (% Change)		Family Islands (% Change)	
Arrivals	2025	2026	2025	2026	2025	2026	2025	2026
Air	-1.8	5.6	-2.9	6.2	21.0	-2.1	-1.0	5.2
Sea	11.6	16.1	11.1	2.3	19.0	177.1	11.1	8.9
Total	9.3	14.5	7.3	3.2	19.2	158.3	10.2	8.7

Tourism Arrivals vs Pre-Pandemic Baseline (2018/19=100%)



Source: Ministry of Tourism

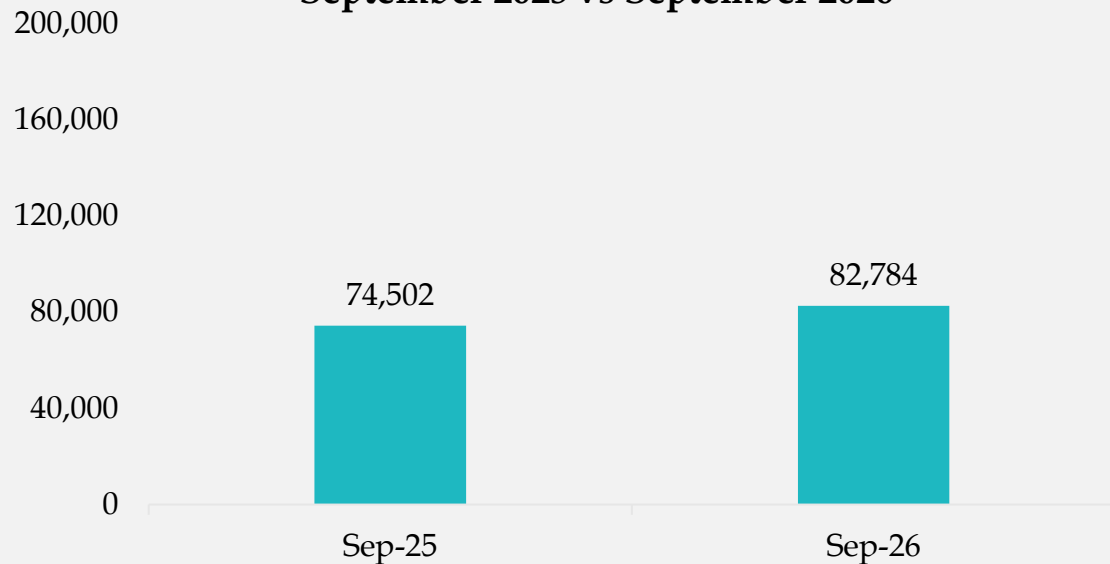
Nassau Airport Development Company (NAD) International Departures

January – September 2026

Total departures through the Nassau International Airport grew by 11.1% to 82,784 passengers in September, as compared to the same 2025 period.

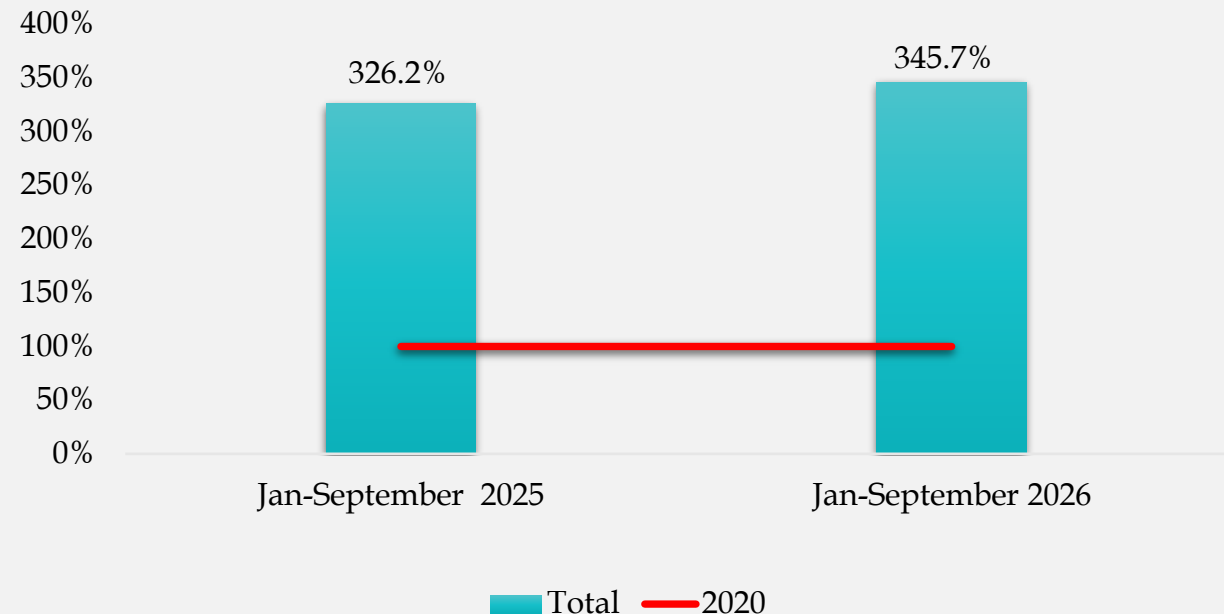
During the first nine months, total departures recovered by 6.0% to 1.3 million, relative to the same period in 2025.

**International Departures
September 2025 vs September 2026**



Source: Nassau Airport Development Company Ltd.

**January – September 2026 Departures
vs. 2020 Baseline (=100%)**



*All figures are net of domestic departures.

Airbnb: Snapshot of Vacation Rentals

(as at September 2026)

Total listings: 334 active
Occupancy rate: Entire place listings (40.9%) and hotel comparable (50.4%)

Total listings: 1,391 active
Occupancy rate: Entire place listings (33.3%) and hotel comparable (46.6%)

Total listings: 487 active
Occupancy rate: Entire place listings (29.2%) and hotel comparable (42.1%)

Total listings: 357 active
Occupancy rate: Entire place listings (27.2%) and hotel comparable (35.5%)

All Islands
3,415* total active listings
Occupancy rate: Entire place listings (30.4%) and hotel comparable (42.9%)

Source: AirDNA

* Figure includes listings from islands whose data has not been provided.

Vacation Rentals: Occupancy Rates

(January – September 2026 vs 2025)

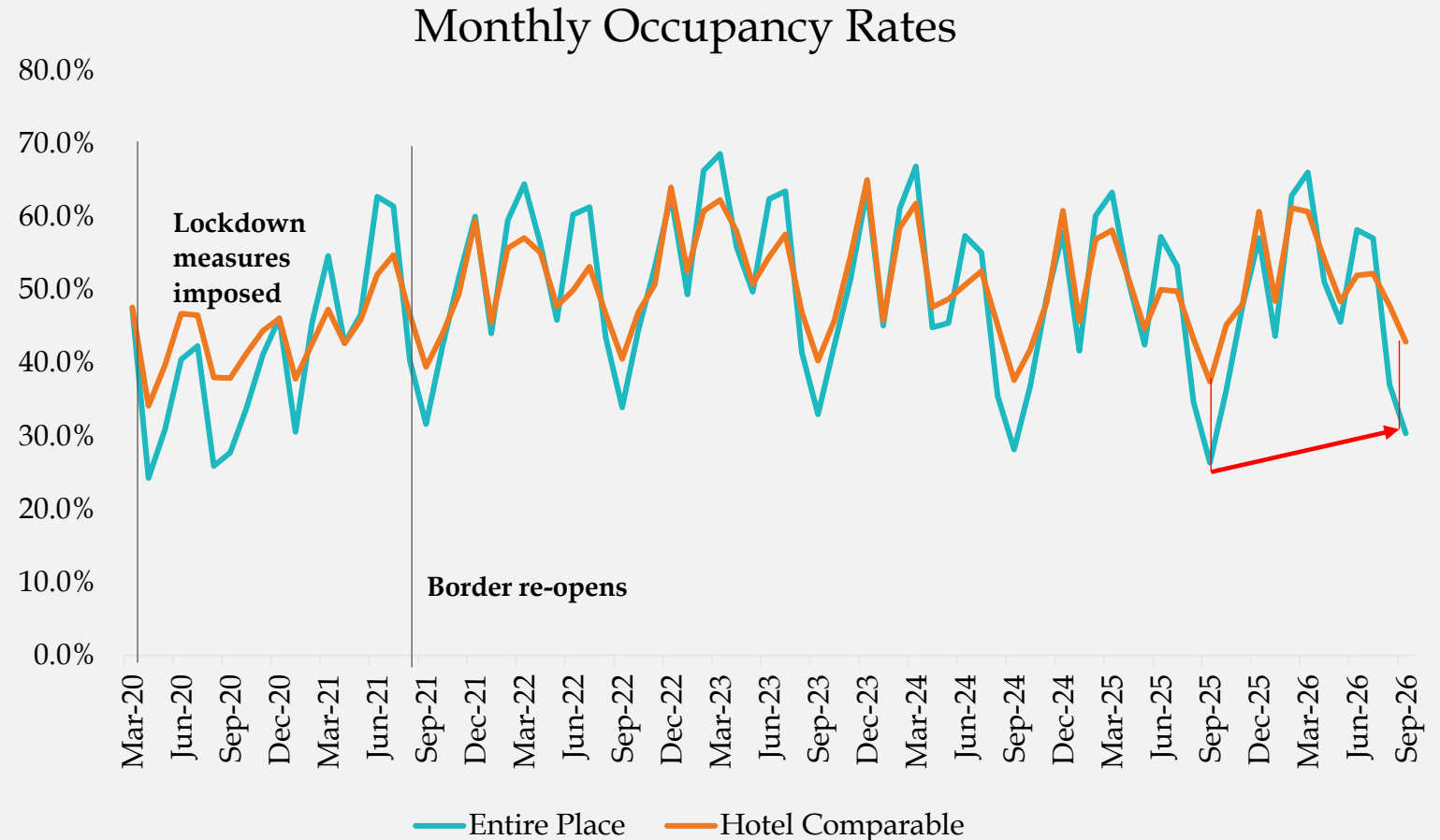
Vacation rental occupancy levels trended upward in the first nine months of 2026, when compared with the same 2025 period, supported by increased stopover arrivals.

Entire Place Listings

- The average occupancy rate rose to 30.4%, from 26.4% in the comparative period of the prior year.

Hotel Comparable Listings

- The average occupancy rate increased to 42.9%, from 37.5% in the same period of 2025.

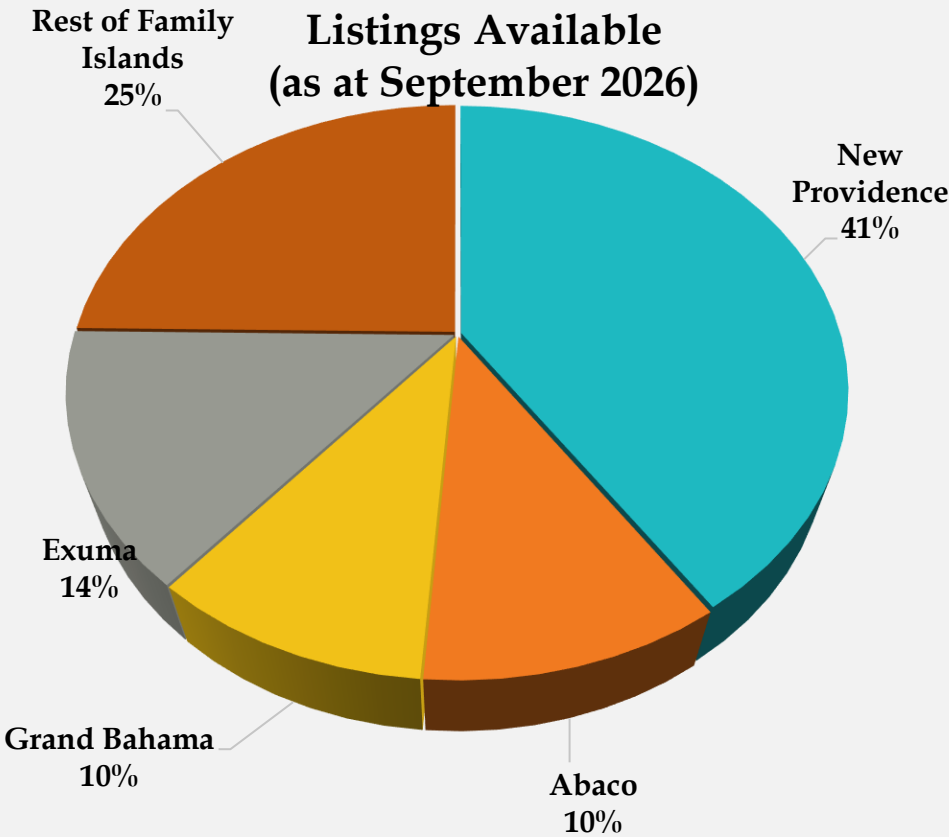


Source: AirDNA

Vacation Rental: Market Share by Island

(September 2026)

Short-term vacation rental listings increased across all of the major islands in September, compared to the same period in 2025. New Providence and the remaining Family Islands accounted for approximately 66.5% of total listings.



In September, listings increased respectively for New Providence (6.8%), Abaco (38.4%) Exuma (17.3%) and Grand Bahama (4.0%), vis-à-vis the same period of 2025.

All Available Listings				
	Dec 2024	Sept 2025	Dec 2025	Sept 2026
Abaco	445	258	489	357
Grand Bahama	362	321	403	334
New Providence	1,919	1,303	1,928	1,391
Exuma	593	415	607	487

An aerial photograph of a tropical coastline. The water is a vibrant turquoise, transitioning to a deeper blue further out. A wide, white sandy beach curves along the shore, bordered by lush green tropical vegetation and palm trees. The sky is a pale, clear blue.

SELECTED APPROVED FOREIGN INVESTMENT PROJECTS

Recent Approvals/Announcements

Selected New Foreign Investment Projects

Bimini

- Fort Family Rose Hall Ltd.
 - Capital expenditure: \$1.5 million
 - Approval was granted in principle to develop a 6-bungalow boutique hotel (along with 2 guest units) at North Cat Cay.
 - The project will employ 5 non-Bahamians initially.

New Providence

- Junkanoo Rum Ltd.
 - Capital Expenditure: \$2.9 million
 - Approval was granted for the development of a 5,000 sq ft plant to blend, bottle and package a Bahamian coconut and spiced rum.
- Cruise Port RG Investments LLC.
 - Capital Expenditure: \$3.2 million
 - GA Bahamas Ltd. was approved to fund the build-out and operation of F&B Venues at Nassau Cruise Port.

Eleuthera

- Twin Coves Partners, LLC.
 - Capital expenditure: \$25.0 million
 - Phase 1 of the Eco-Resort Farm Village was approved, which will include 8 residences with guest houses, an art gallery, you-pick farm, restaurant, shops, spa and other recreational activities including a soda lab using local fruit.
 - The project is expected to employ 256 Bahamians, and 4 non-Bahamians.

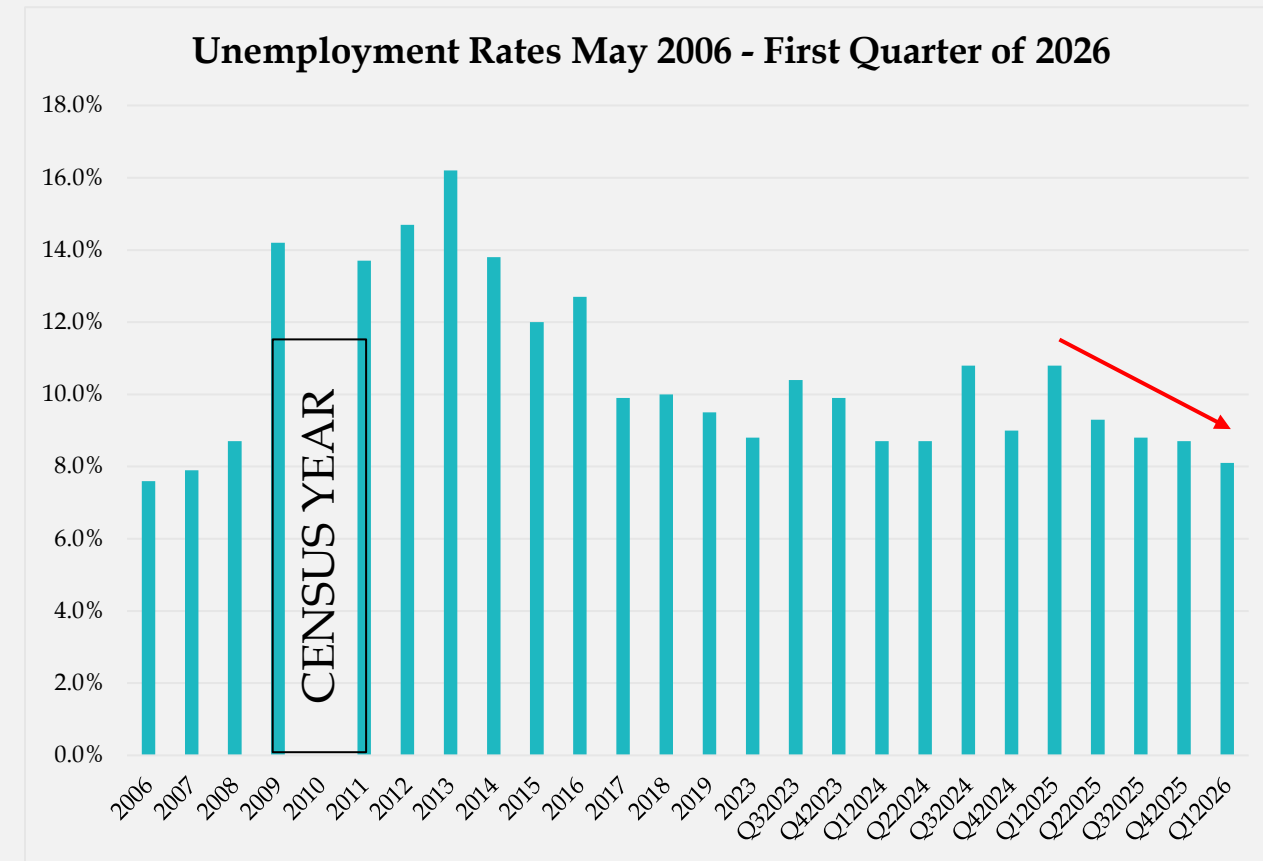
A wide-angle photograph of a tropical beach. The water is a vibrant turquoise blue, transitioning to a deeper blue further out. The beach is a wide expanse of white sand, dotted with several palm trees and some small structures. The sky is a clear, pale blue. The word "Employment" is overlaid in the center of the image in a large, black, serif font.

Employment

Unemployment Rates

(First Quarter of 2026)

- The unemployment rate fell to 8.1% in the first quarter of 2026, from 8.7% in the previous quarter, and 10.8% in the comparative quarter of 2025.
 - In New Providence, the jobless rate decreased by 50 basis points over the quarter to 7.8%, and by 3.2 percentage points over the year.
 - In Abaco, the jobless rate reduced to 8.7%, vis-à-vis 9.1% in the previous quarter, and by 5.1 percentage points year-on-year.
 - In Grand Bahama, the unemployment rate fell to 8.2%, from 8.7% in the fourth quarter of 2025 and 4.6 percentage points when compared to the first quarter of 2025.
- The number of employed persons increased to 228,785, from 226,025 in the prior quarter and 214,725 in the comparable 2025 period.

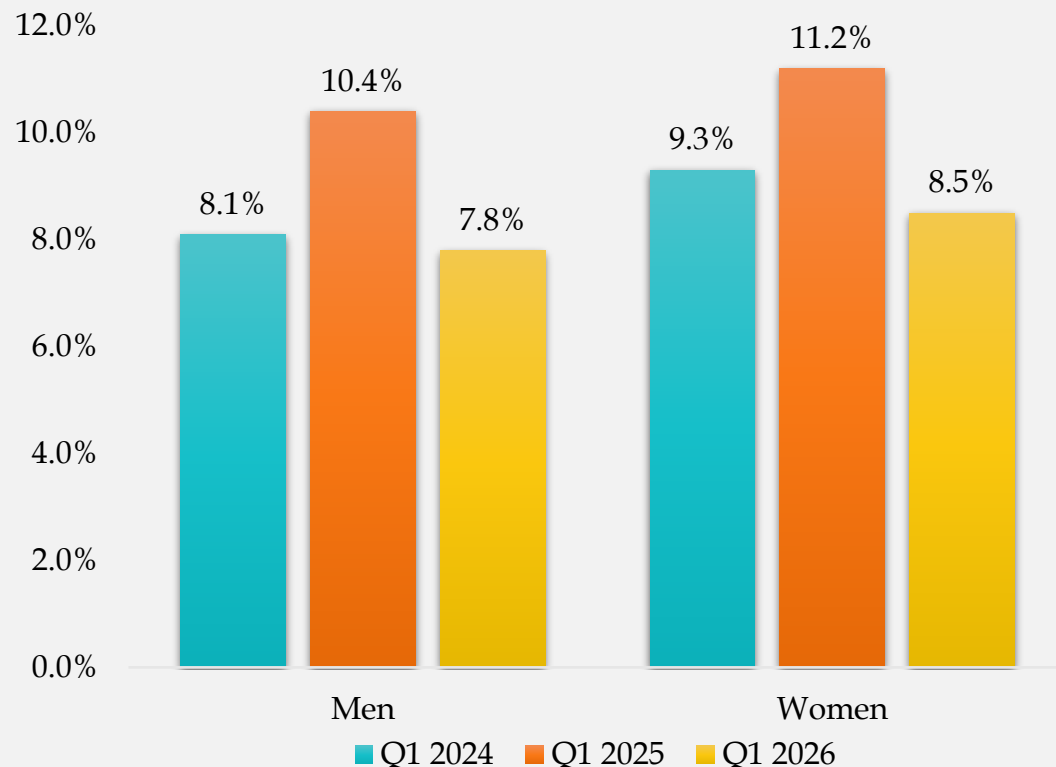


Source: Bahamas National Statistical Institute & Central Bank of The Bahamas

Unemployment by Gender and Youth

(First Quarter of 2026)

Unemployment Rate by Gender



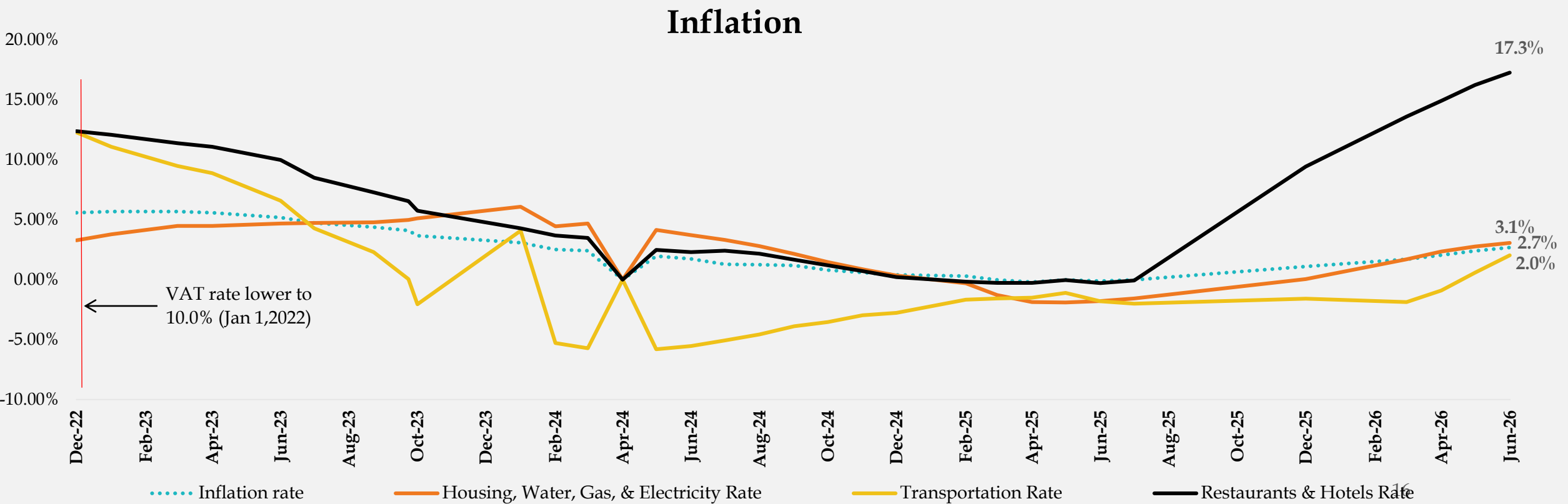
- A disaggregation by gender revealed higher unemployment rates for women than men.
 - However, first quarter jobless rate trends for both groups were similar, increasing in 2025, but declining in 2026.
- Youth unemployment declined to 14.2% in the first quarter of 2026, from 18.2% in the prior quarter.



INFLATION

Retail Price Index

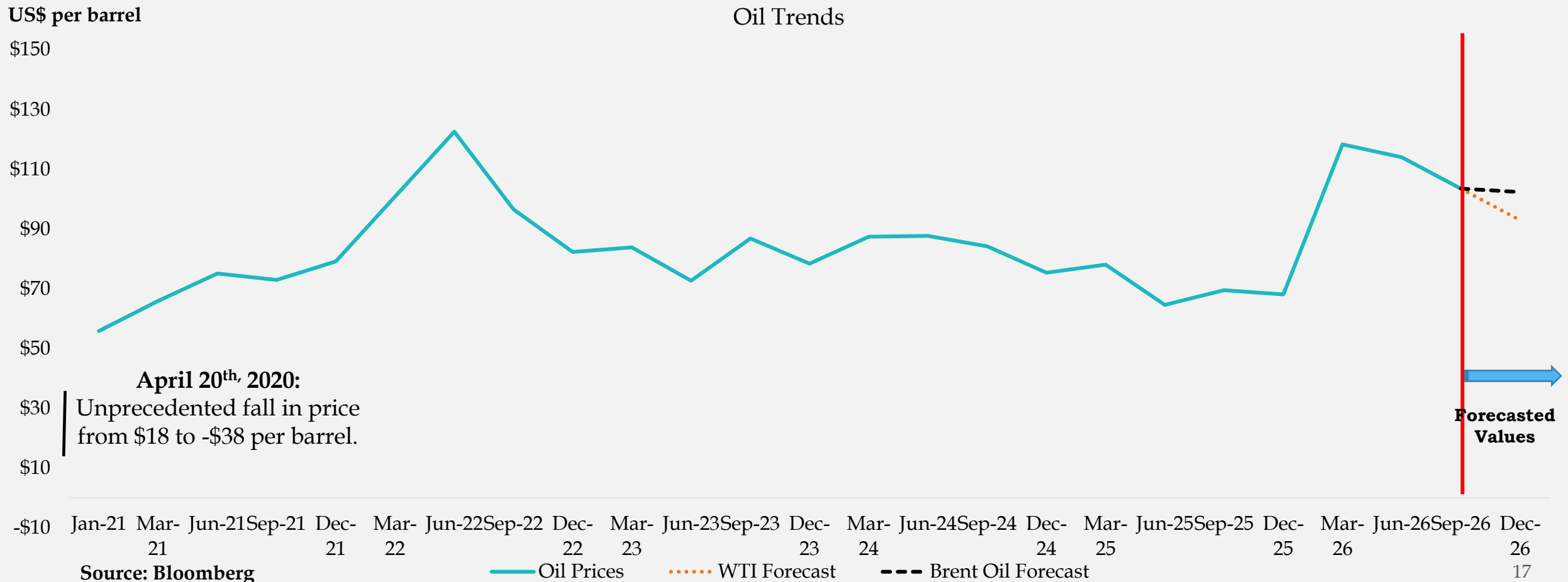
For the 12 months to June 2026, inflation increased to 2.7%, following a 0.2% decrease in the comparative 2025 period, led by a rise in the average costs for restaurants & hotels (17.3%). Accelerated inflation was also recorded for housing, water, gas, electricity, & other fuels (3.1%), and transportation (2.0%).



Source: Bahamas National Statistical Institute and Central Bank of The Bahamas

Oil Price Trends

The cost of crude oil rose by 15.9% to \$103.53 per barrel in September 2026. On the supply side, OPEC's crude oil production increased by 2.3% to an average 39.1 million barrels per day.





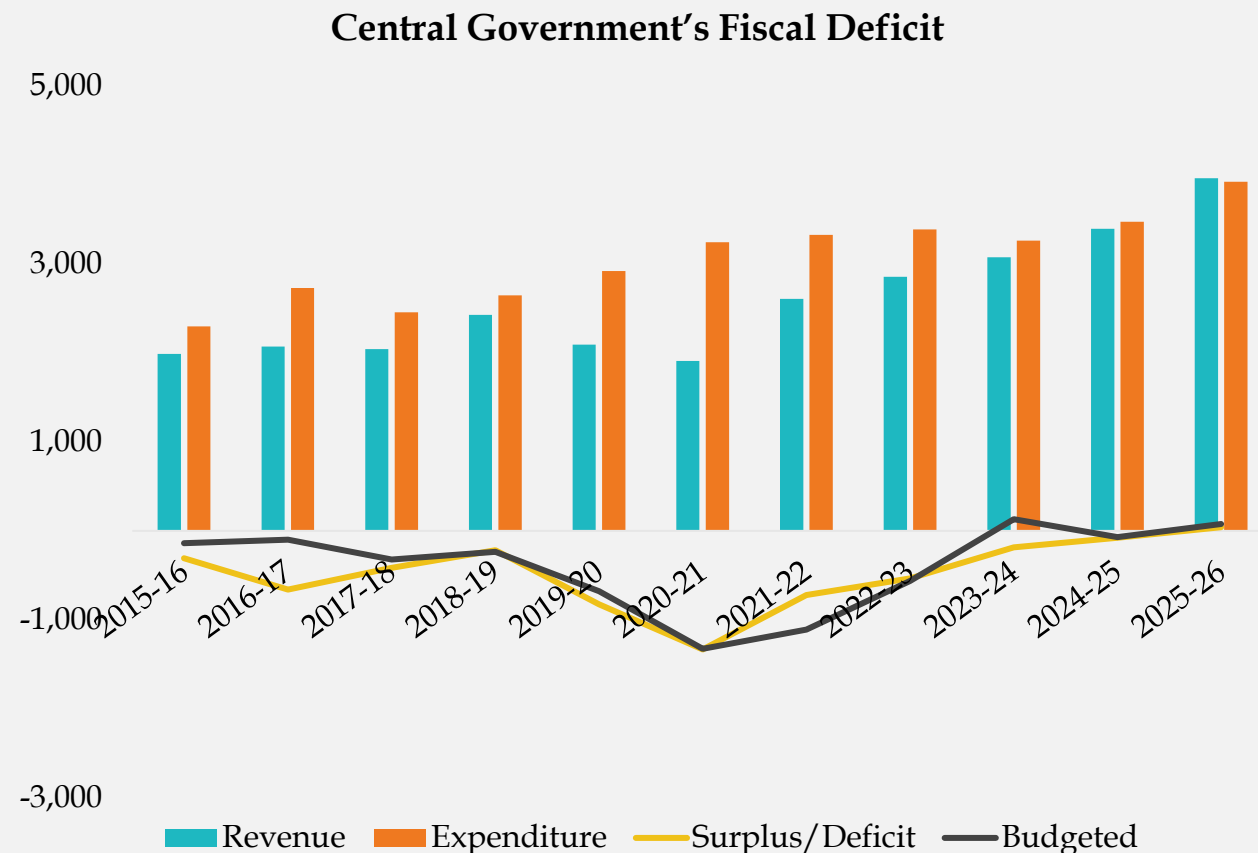
FISCAL SECTOR

Fiscal Sector

Fiscal Year Outcome: FY2025/2026

During FY2025/2026, the fiscal balance switched to an estimated surplus of \$39.3 million, from a deficit of \$84.8 million in the previous fiscal year, as the growth in aggregate revenue, surpassed the rise in total expenditure.

- Total revenue rose by \$563.5 million (16.6%), to \$3,964.0 million.
 - VAT receipts increased by \$214.3 million (14.9%) to \$1,652.4 million.
- Total expenditure expanded by \$439.4 million (12.6%) to \$3,924.7 million.
 - Recurrent expenditure grew by \$310.2 million (9.7%) to \$3,509.8 million.
 - Similarly, capital outlays rose by \$129.2 million (45.2%) to \$414.9 million.



Source: Bahamas Ministry of Finance
 *Data for FY2025/2026

FY 2025/2026 Budget Projections vs. Actual Outturn

			(B\$ Millions)
	Actual Outturn	Budgeted	% of Budget
Revenue	3,964.0	3,896.3	101.7
Tax Revenue	3,419.7	3,439.2	99.4
Non-tax Revenue	543.3	447.9	121.3
Expenditure	3,924.7	3,820.8	102.7
Recurrent Expenditure	3,509.8	3,444.5	101.9
Capital Expenditure	414.9	376.3	110.3

Source: Bahamas Ministry of Finance

*Data for FY2025/26

A wide-angle photograph of a tropical beach. The water is a vibrant turquoise blue, transitioning to a deeper blue further out. The beach is a wide expanse of white sand, dotted with several palm trees and some small structures. The sky is a clear, pale blue. The text "MONETARY SECTOR" is overlaid in the center of the image in a bold, black, serif font.

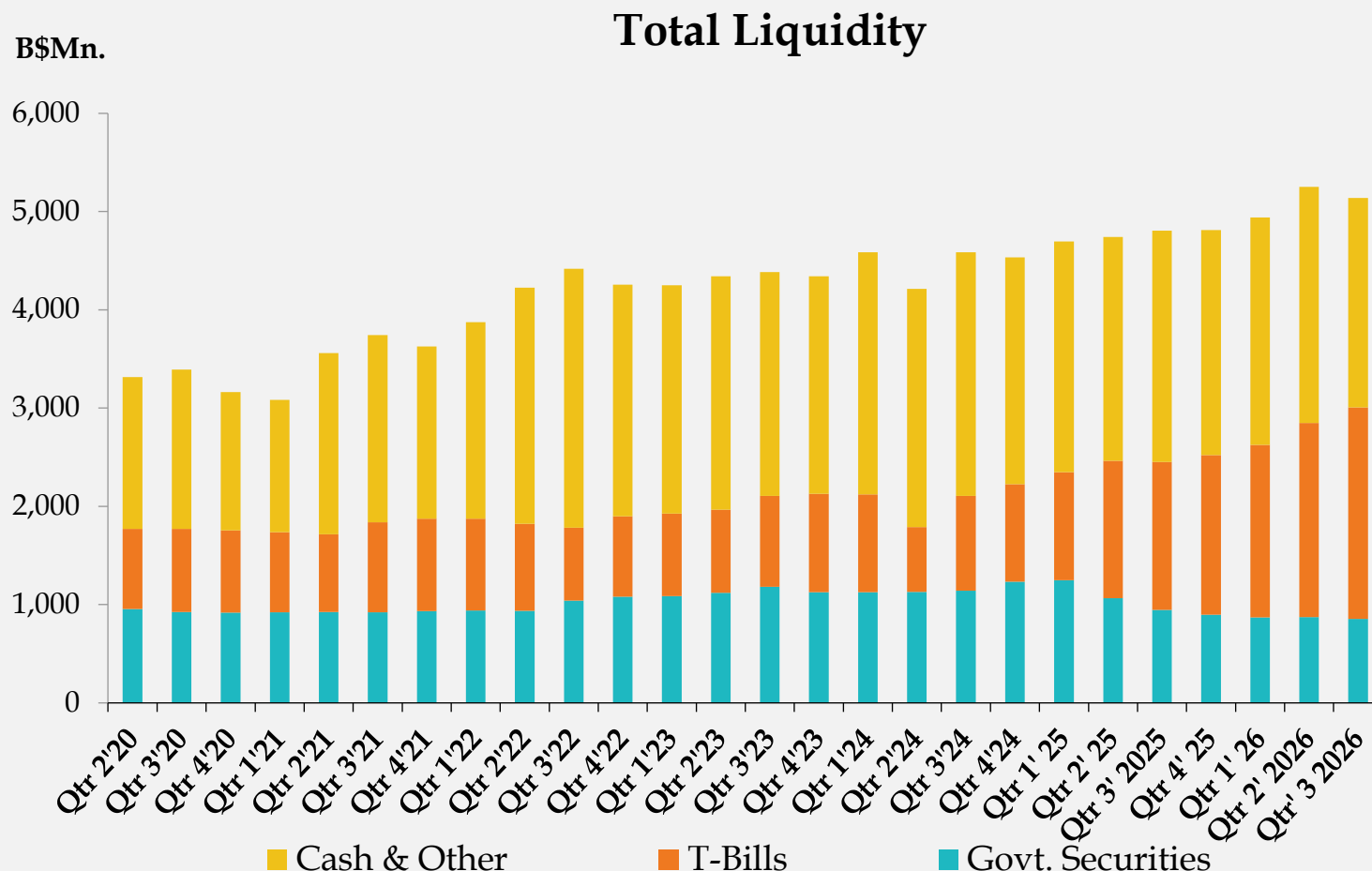
MONETARY SECTOR

Money and Banking: Liquidity Conditions

January-September 2026 vs. 2025

During the nine months to September, bank liquidity decreased in the narrow measure, while the increase in the broader measure slowed. Notably, growth in deposits outweighed the rise in domestic credit.

- Excess reserves contracted by \$254.0 million, a turnaround from the \$109.2 million buildup in the previous year.
- In contrast, excess liquid assets growth slowed to \$201.5 million, from \$233.9 million in the preceding year.



Lending Conditions

January – September 2026 vs. 2025

On a nine-month basis, growth in total Bahamian dollar credit accelerated to \$546.8 million, from \$379.8 million in the comparable 2025 period.

- Credit to public corporations grew by \$217.9 million, a shift from the \$27.3 million decline in the prior year.
 - *Trends masked a \$109.3 million reclassification of commercial credit as public corporations' liabilities.*
- In addition, net claims on the Government increased by \$143.2 million, a slowdown from the \$177.4 million buildup in the same period last year.

- Private sector credit expanded by \$185.8 million, although lower than the \$229.7 million accumulation in the previous year.



Consumer credit rose by \$115.0 million



Commercial credit increased by \$41.3 million



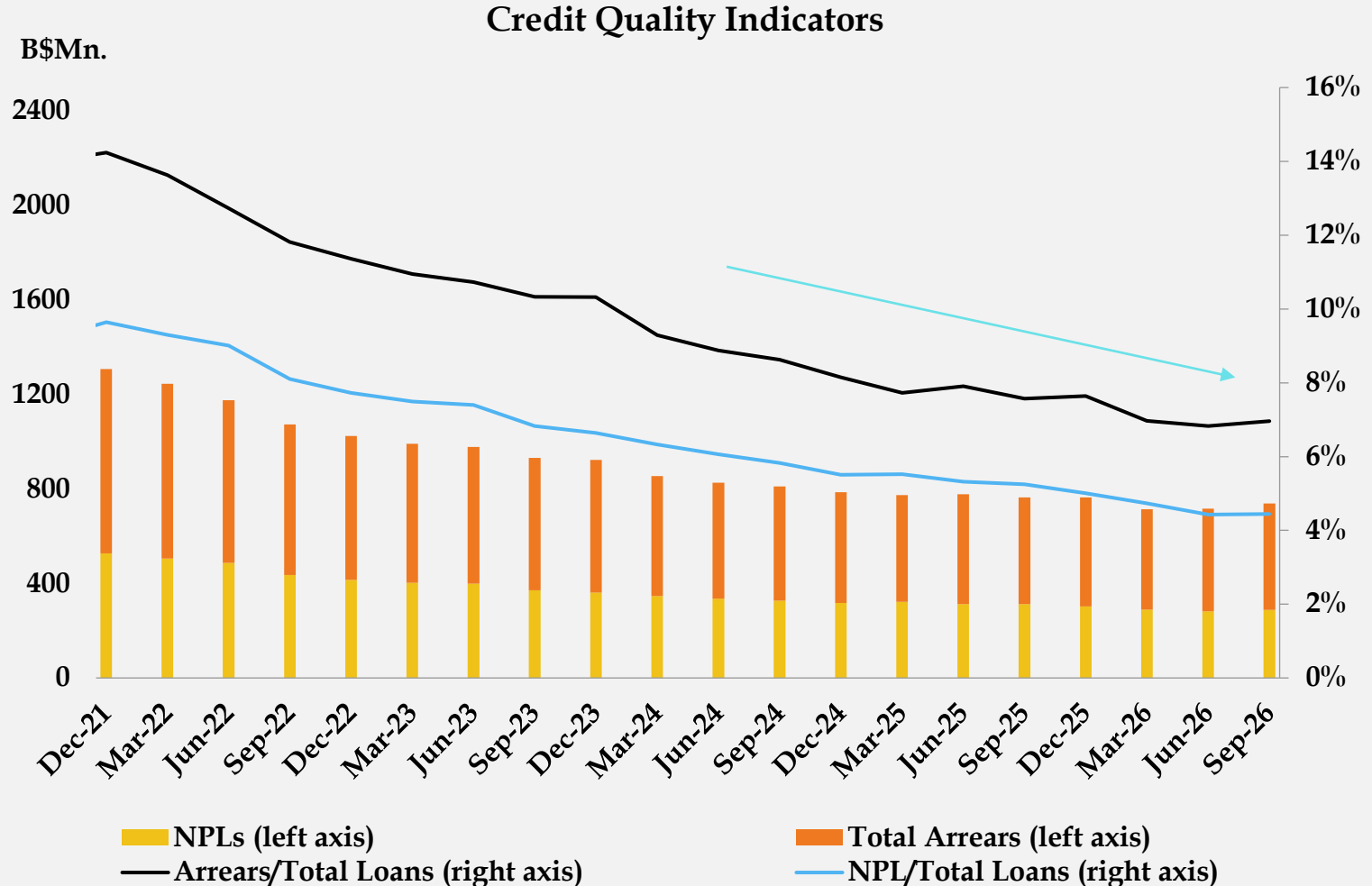
Mortgages grew by \$29.4 million

B\$ Credit Quality Indicators

January - September 2026 vs. 2025

- During the nine-month period, the average arrears rate for private sector loans reduced to 7.0% from 7.6% last year.
 - The short-term arrears rate was 2.5% (2.3% in September 2025).
 - The NPL rate was 4.5% (5.3% in September 2025).

- Arrears rate by loan type:
 - Mortgages: 10.1% vs 10.9% in 2025.
 - Consumer: 6.3% vs 5.7% in 2025.
 - Commercial: 2.8% vs 4.0% in 2025.

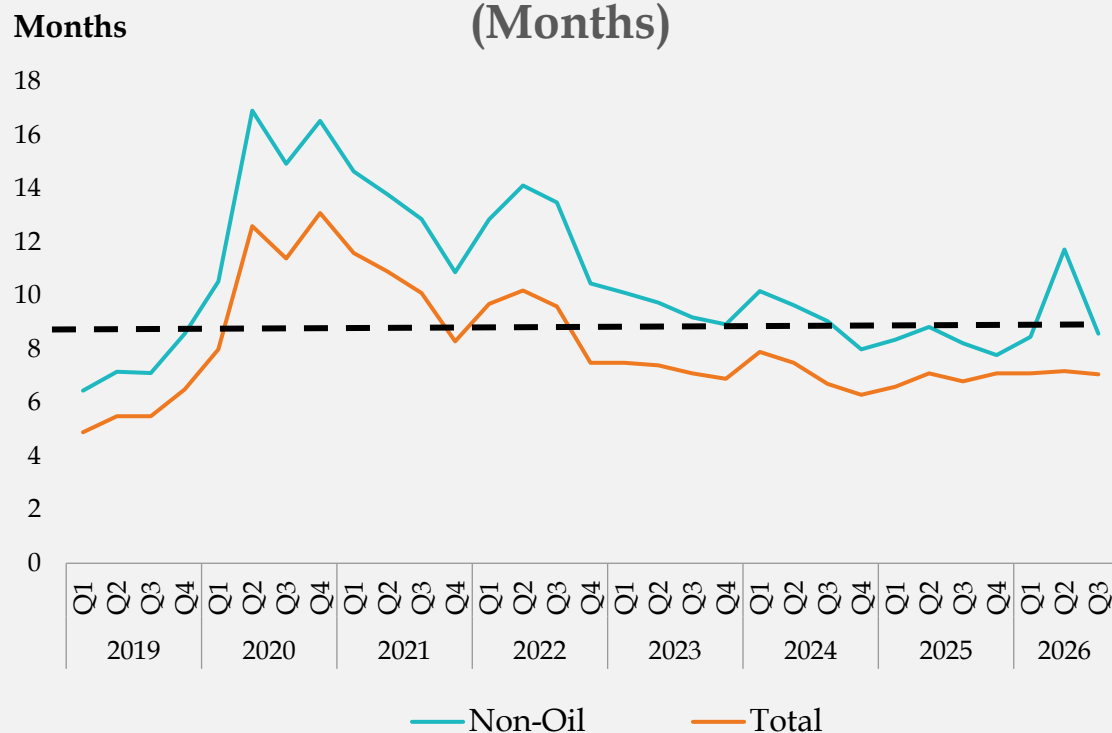


Source: Central Bank of The Bahamas

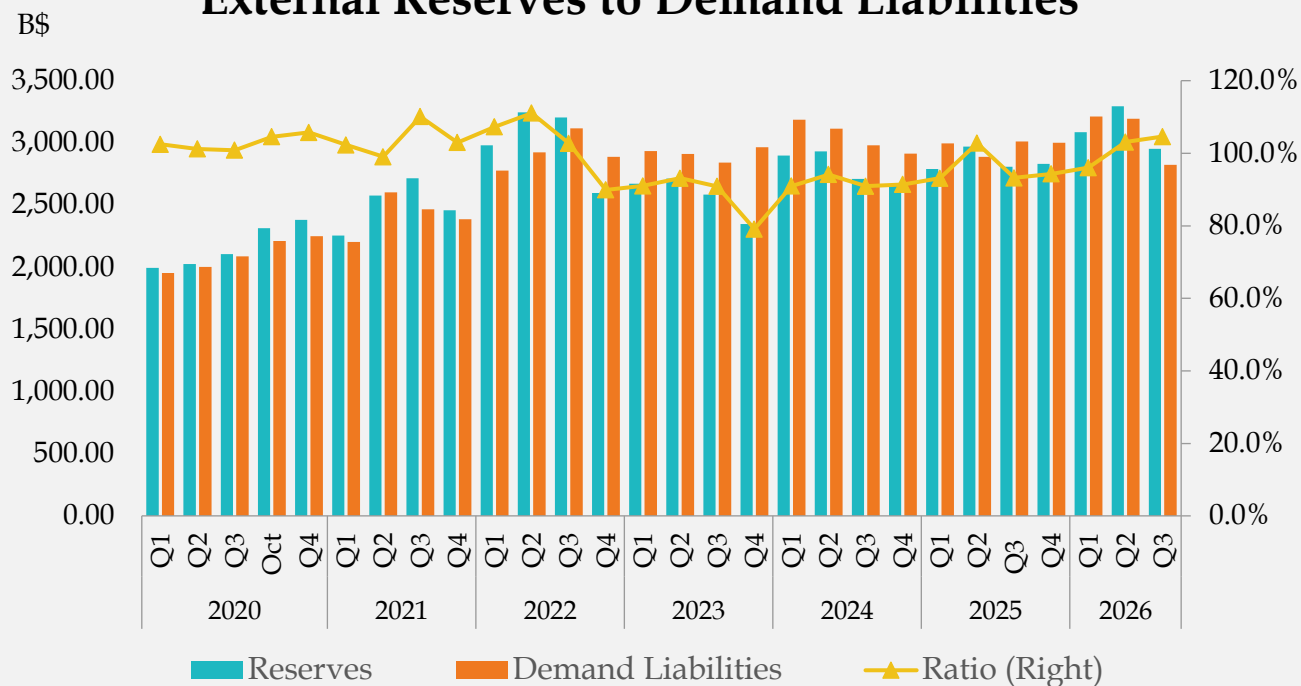
External Reserves

January- September 2026 vs. 2025

Import Cover Ratio (Months)



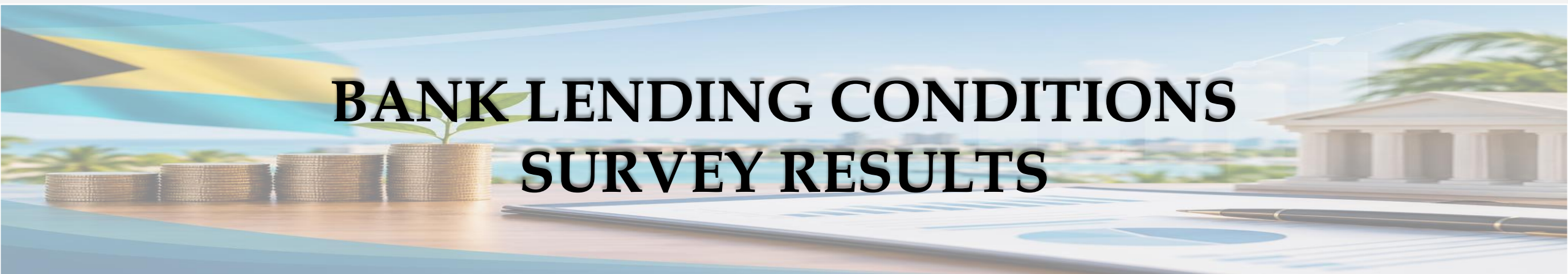
External Reserves to Demand Liabilities



Source: The Central Bank of The Bahamas

In the first nine months of the year, the growth in external reserves tapered to \$139.1 million, from \$189.1 million in the previous year prior, to stand at \$2,953.5 million. At the end of September, external balances were:

- Equivalent to 104.6% of the Central Bank's demand liabilities.
- Equivalent to 7.1 months of the current year's total merchandise imports.



BANK LENDING CONDITIONS SURVEY RESULTS

Bank Lending Conditions Overview (January – June 2026)

Bank lending conditions moderated during the first half of 2026, relative to the comparative period of 2025, underpinned by a decline in credit demand.

Approximately 14.7% of loan applications received were denied, with the main reasons cited including: “other” miscellaneous reasons, high debt service ratio (DSR), insufficient job tenure, and prior loan delinquencies.

18,291

- **Total applications received**
- 4.1% lower than first half of 2025
- 82.7% in New Providence

15,604

- **Total applications approved**
- 0.3% lower than comparative 2025 period
- Approval rate: 85.3%

29

- **Total applications pending**
- 19.4% lower than the first half of last year

Bank Lending Conditions Overview (January – June 2026)

Consumer Applications

- Consumer applications reduced by 4.6%, year-on-year, a turnaround from the 14.8% growth last year. Consumer applications accounted for 94.0% of total requests.
- However, the approval rate rose by 3.7 percentage points to 86.7%

Mortgage Applications

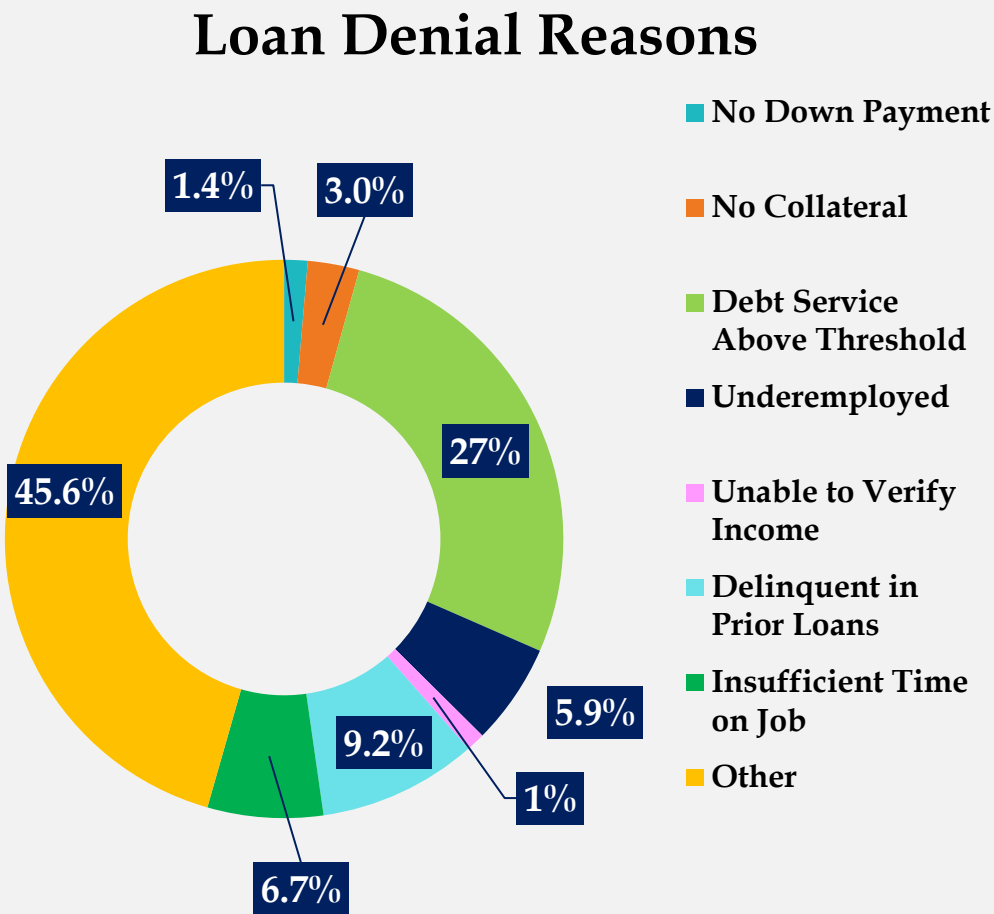
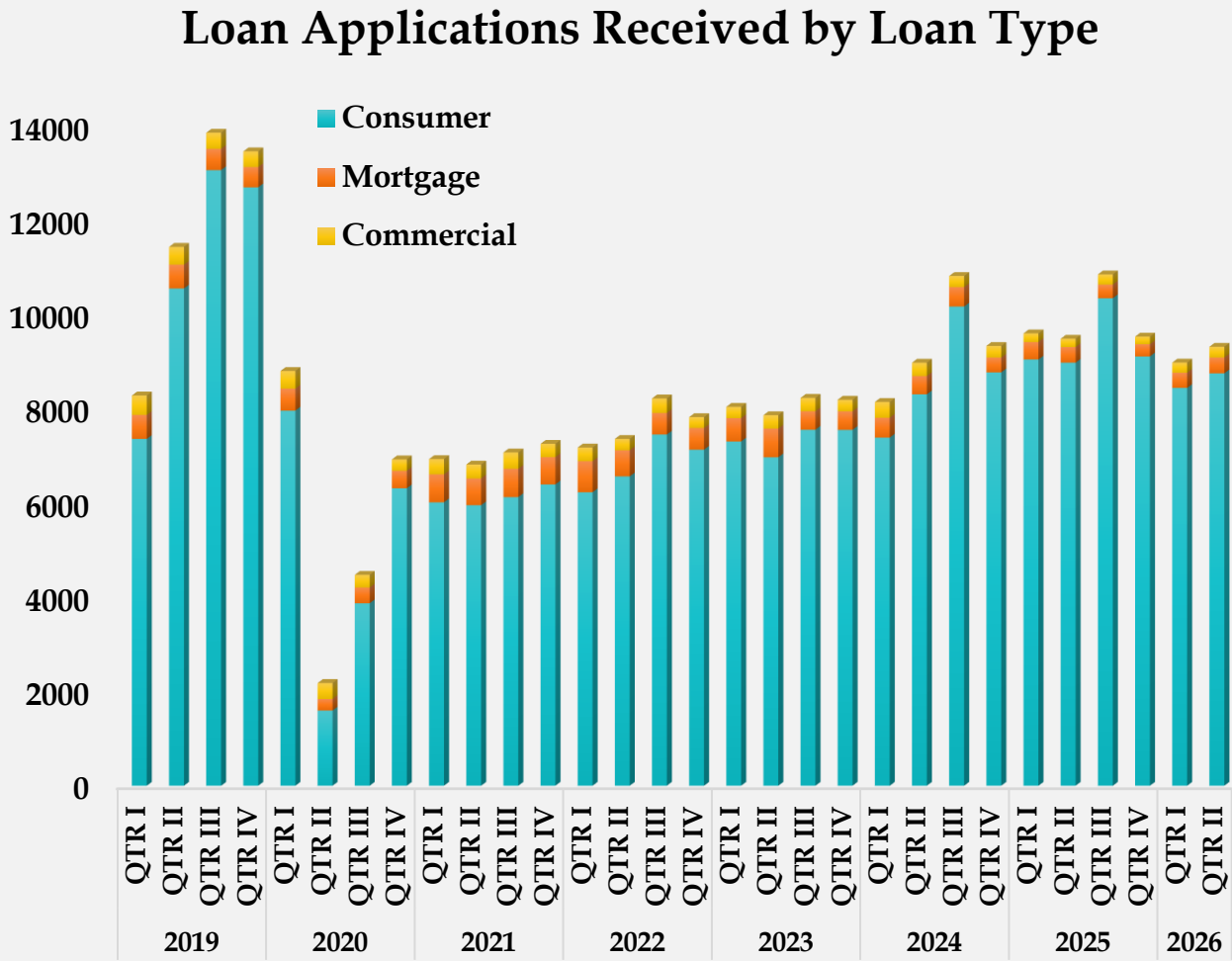
- Mortgage applications decreased by 5.9%, vis-à-vis a 13.4% reduction in the six-months to June 2025.
- In addition, the approval rate softened by 8.3 percentage points, to 45.6%.

Commercial Applications

- Commercial loan applications increased by 22.3% year on year, a reversal from the 41.3% contraction last year, due to higher demand in New Providence and the Family Islands.
- The approval rate firmed by 2.7 percentage points, to 91.2%, relative to June 2025.

Bank Lending Conditions Overview

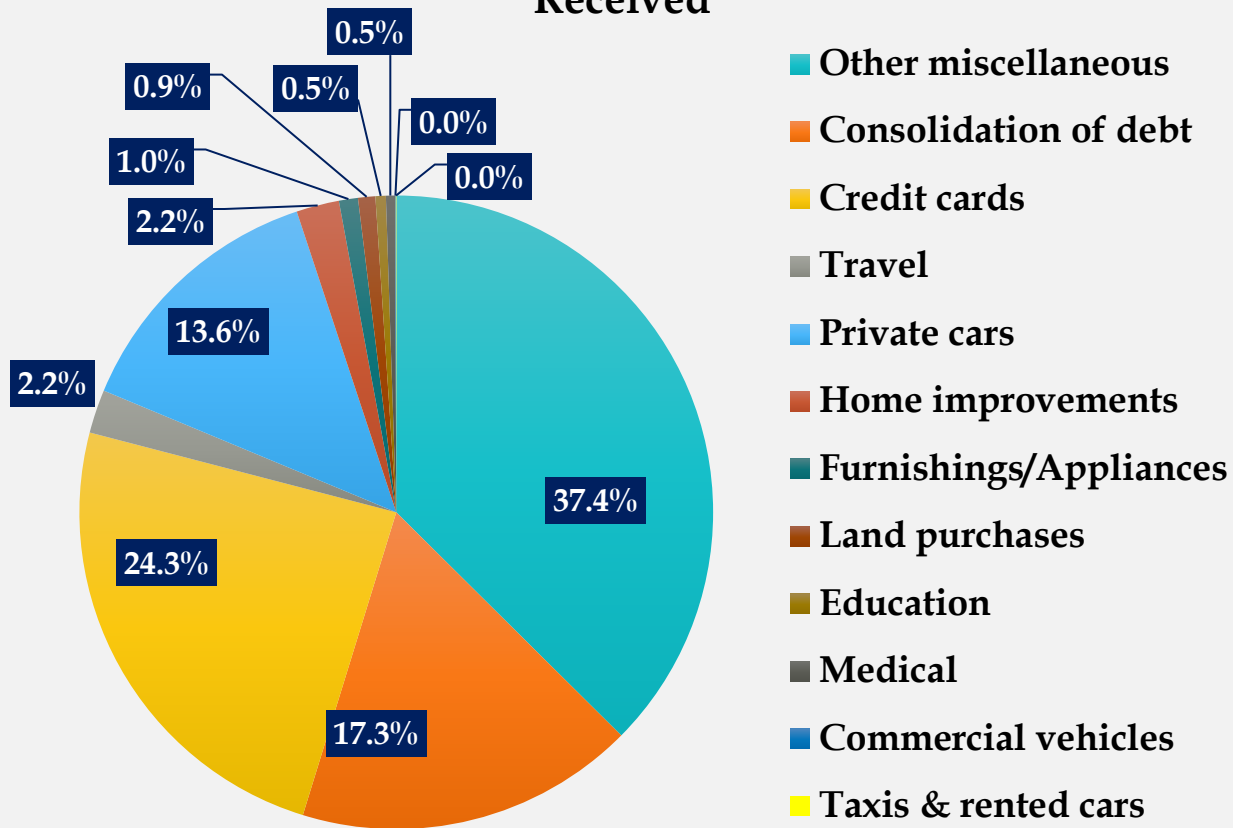
(January – June 2026)



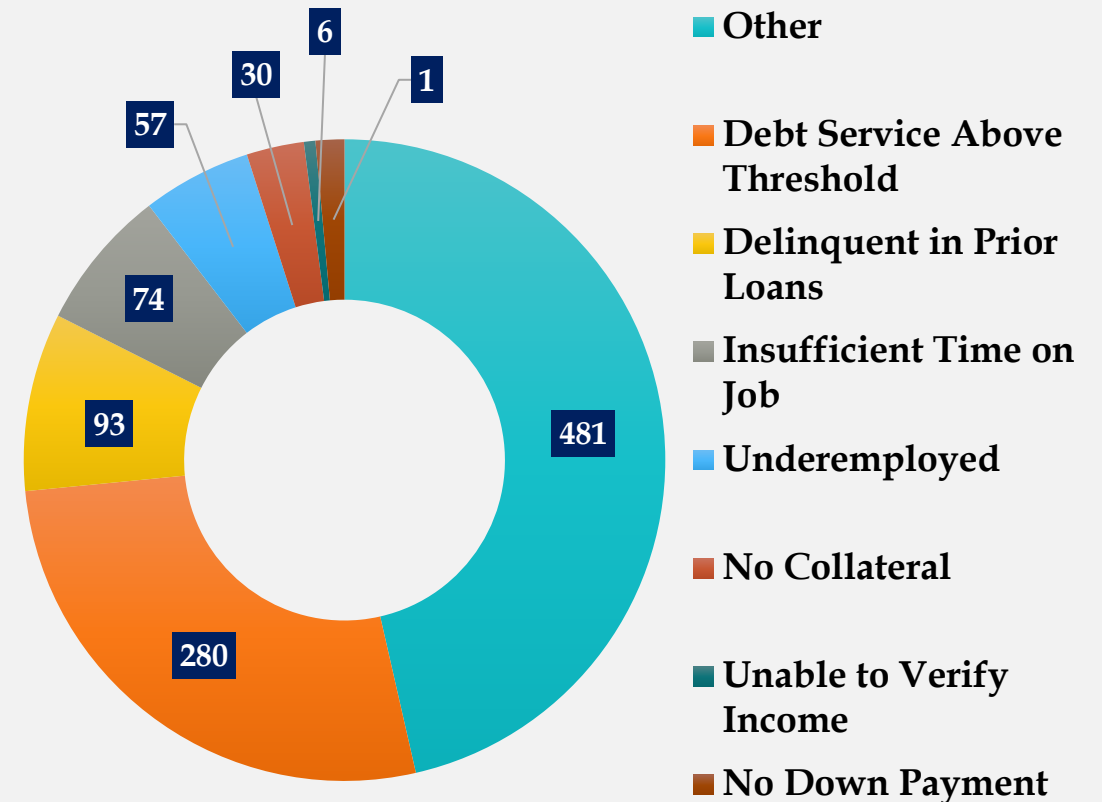
Source: The Central Bank of The Bahamas

Bank Lending Conditions (Consumer Loan Applications)

Largest Categories of Consumer Loan Applications Received

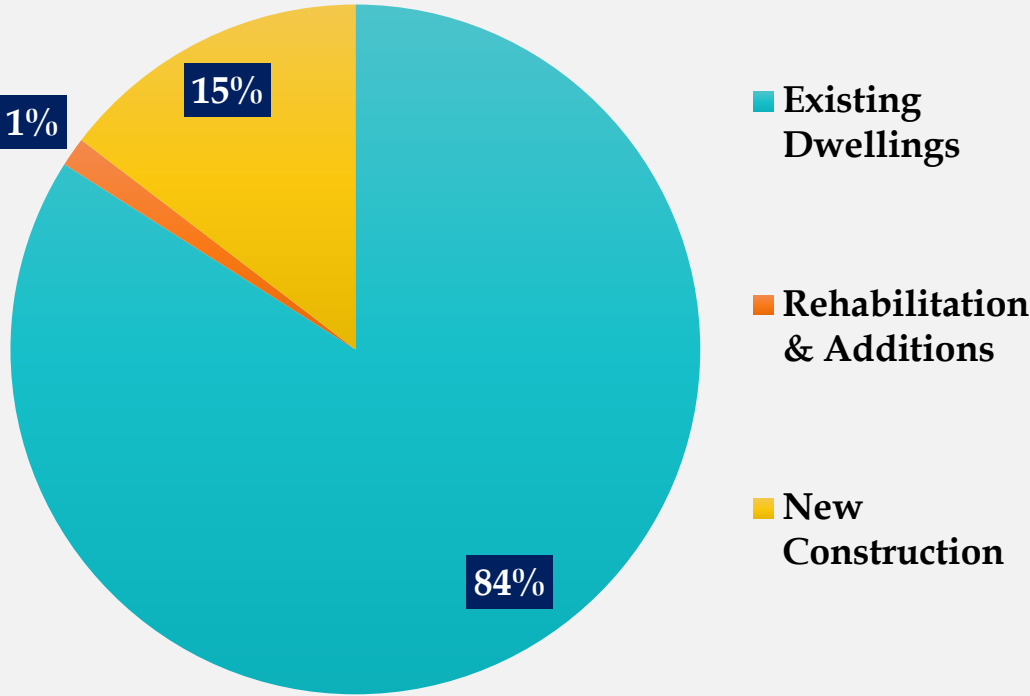


Reasons for Consumer Loan Denials

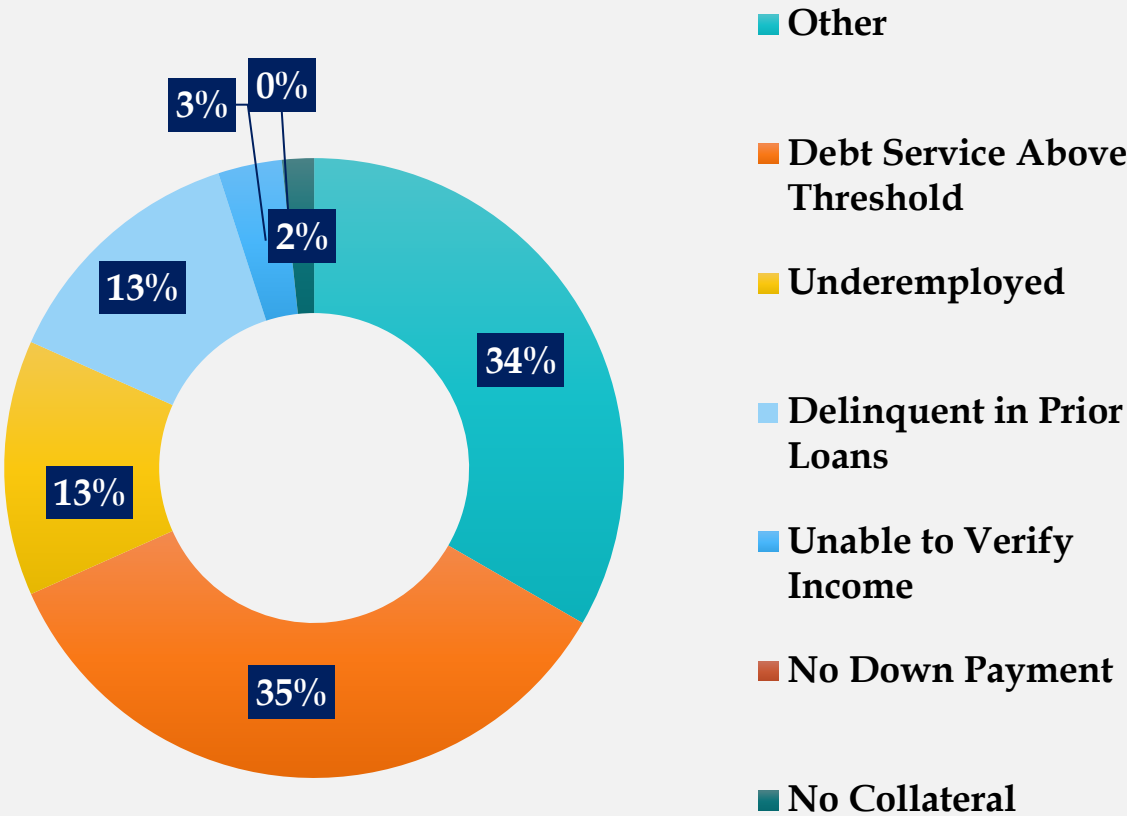


Bank Lending Conditions (Mortgage Applications)

Residential Mortgages Applications



Reasons for Mortgage Loan Denials





OUTLOOK

Real Sector

- The domestic economy is expected to maintain its growth momentum in 2026, exceeding its medium-term potential. The tourism sector, a significant driver of economic growth, is anticipated to remain strong, supported by a continued expansion in the high value-added stopover market and ongoing gains in the cruise industry. Further, both new and ongoing foreign direct investment projects are likely to boost construction and, consequently, economic activity.
- Nonetheless, downside risks to tourism persist, related to external factors, such as heightened geopolitical tensions in the Middle East and Eastern Europe, elevated oil prices, and ongoing trade policy uncertainty.
- Labour market conditions are also expected to improve further, with job creation concentrated in the tourism and construction sectors.
- With regard to prices, domestic inflation is forecasted to increase in the near-term, reflecting higher imported costs and supply chain disruptions stemming from the Middle East and Eastern Europe conflicts.

Fiscal Sector

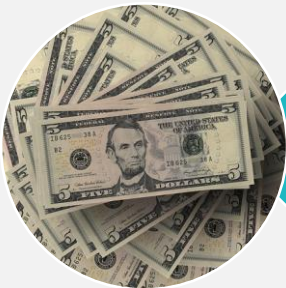
- The Government's net financing gap is expected to trend further downward, driven by increased revenues from tourism-related activities and expected income from the domestic minimum corporate tax.
- Gross financing needs are anticipated to be met through a combination of domestic and external borrowing, with domestic sources providing the largest share.

Monetary Sector and External Reserves



Banking sector liquidity is anticipated to remain elevated over the near-term.

However, growth in private sector credit could dampen further accumulation.



For the year, external reserves are forecast to remain consistent with 2025 levels and comfortably above international standards, bolstered by tourism and other private-sector activities.

Balances are projected to remain at satisfactory levels to sustain the Bahamian dollar currency peg.

Risks to The Outlook

TOURISM

Prolonged conflict in the Middle East and Eastern Europe, resulting in heightened global oil prices, could negatively impact travel demand.

EXTERNAL RESERVES

Higher foreign currency demand for imports and rebuilding activities (climatic shock) could accelerate reserves depletion.

GLOBAL

Ongoing geopolitical tensions and oil supply shocks could slow the global outlook.

INFLATION

Geopolitical tensions, contractions in oil production, trade barriers, and elevated food prices could sustained further higher prices.

EMPLOYMENT

Slowdown in the tourism sector could impede job creation.

FISCAL

Softened travel demand could translate into lower indirect tax receipts, and combined with a higher fuel bill, could weaken the fiscal balance.

The End

