Quarterly Economic Review

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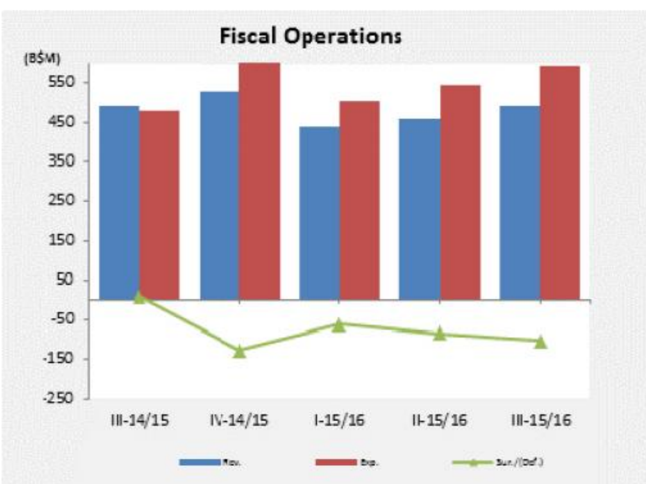
OVERVIEW

Indications are that domestic economic conditions were relatively subdued during the first quarter. Construction sector activity appeared firmer than in 2015, supported by a number of medium-scale projects throughout the country. However, the tourism sector faced headwinds, due to the tepid growth in several key source markets. Meanwhile, average consumer prices decreased, as reductions in international oil prices continued to feed through to the domestic market.

The fiscal position shifted to a deficit in the third quarter of FY2015/16 from a small surplus in the prior year, due mainly to gains in current spending, while the revenue performance stabilized—with the relative shift in dependence on the VAT. Budgetary financing was sourced mainly from the external market, inclusive of a US$100 million equivalent loan.

Monetary sector activity during the first quarter was dominated by the receipt of proceeds from the Government's external borrowing, which supported gains in both bank liquidity and external reserves. Further, reflecting in part sustained loan write-offs and debt consolidation measures, banks' credit quality indicators improved over the review quarter. In the latest available quarterly data through December 2015, profitability indicators strengthened, owing to increased interest revenue and lower levels of bad debt provisioning.

On the external side, the estimated current account deficit narrowed sharply, as construction-related imports of materials and services decreased significantly. Similar developments underpinned the narrowed surplus on the capital and financial account, as net private loan financing flows contracted.



FISCAL OPERATIONS

OVERVIEW

Reflecting a 17.3% rise in total expenditure to $563.2 million and a relatively flat revenue performance at $488.3 million, the fiscal position registered a $74.9 million deficit during the third quarter of FY2015/16, in contrast to an $8.6 million surplus recorded in the comparable 2014/15 period.

REVENUE

Tax receipts—which comprised 90.1% of total revenue—grew marginally by 0.5% to $440.1 million. Reflecting a larger number of registrants, VAT collections more than doubled to $157.1 million, from a net intake of $74.9 million in the corresponding introductory quarter of FY2014/15. Meanwhile enhancements to the collections regime boosted business and professional license fees by 13.5% to $89.4

million, and similarly property and motor vehicle taxes, by 21.8% and 8.4% to $40.2 million and to $9.1 million, respectively. Concluding the transition from hotel occupancy taxes to VAT, virtually all collections of the levy were phased out, compared to residual receipts of $6.3 million a year earlier. In addition, the shift from stamp taxes to VAT as the main levy on property transfers, corresponded to a reduction in the related charge by nearly two-thirds to 61.5% to $24.8 million, while the rebalancing towards VAT continued to underline taxes on international trade, which declined by 6.2% to $117.1 million. Also as visitor traffic softened, departure taxes fell by 3.5% to $39.5 million.

Government Revenue By Source
(Jan. - Mar.)

	FY14/15		**FY15/16**	
	B$M	%	B$M	%
Property Tax	33.0	6.8	40.2	8.2
Selective Services Tax	24.0	4.9	0.1	0.0
Business. & Prof Lic. Fee	78.7	16.1	89.4	18.3
Motor Vehicle Tax	8.4	1.7	9.1	1.9
Departure Tax	40.9	8.4	39.5	8.1
Import Duties	68.3	14.0	63.5	13.0
Stamp Tax from Imports	--	--	--	--
Excise Tax	53.1	10.9	49.0	10.0
Export Tax	3.4	0.7	4.6	0.9
Stamp Tax from Exports	--	--	--	--
Other Stamp Tax	64.5	13.2	24.8	5.1
Value Added Tax	74.9	15.3	157.1	32.2
Other Tax Revenue	-1.0	-0.2	-21.9	-4.5
Fines, Forfeits, etc.	42.6	8.7	43.4	8.9
Sales of Govt. Property	--	--	--	--
Income	7.2	1.5	4.6	1.0
Other Non-Tax Rev.	--	--	--	--
Capital Revenue	--	--	--	--
Grants	0.4	0.1	--	--
Less: Refunds	10.1	2.1	15.4	3.2
Total	**488.4**	**100.0**	**488.2**	**100.0**

Non-tax collections—which comprised the remaining 10.9% of aggregate revenue—contracted by 3.6% to $48.2 million, explained mainly by a timing-related reduction in income from other "miscellaneous" sources, by 44.0% to $3.2 million and a 6.9% falloff in the intake from public enterprises, to $1.5 million. In contrast, proceeds from fines, forfeits & administrative fees increased by 1.9% ($0.8 million) to $43.4 million.

EXPENDITURE

The growth in total expenditure was driven by a 24.3% expansion in current outlays, to $513.3 million, along with a 5.1% rise in capital spending to $49.0 million. Conversely, the reclassification of several transactions to current transfers, led to net lending to public corporations falling to $0.8 million from $20.3 million in the previous year.

In terms of current outlays, with the reclassified treatment of most subventions for public enterprises, transfer payments were estimated at $258.7 million, compared to $178.4 million last year. Specifically, support for public corporations, which was negligible in the third quarter of FY2014/15, stood at $17.5 million. Similarly, transfer outlays expanded for non-profit institutions by $4.4 million, agencies based abroad by $8.8 million, households by $2.6 million and non-financial public enterprises by $0.4 million. In contrast, interest payments—also classified as transfers—fell by 1.3% to $65.9 million, attributed to the decline in external debt costs. Further, consumption expenditures—which comprised the largest share of current expenses (49.6%)—rose by 8.7% to $254.6 million, after increases in both purchases of goods & services and personal emoluments, of 21.7% ($16.1 million) and 2.6% ($4.2 million), respectively.

On a functional basis, current expenditure for economic services increased by $27.9 million (48.5%) to $85.3 million, due in large measure to a rise in spending for promotional-related tourism expenses ($11.8 million) and public works & water supply ($7.0 million). In addition, the shifted subvention for the Public Hospitals Authority and health sector strengthening initiatives, elevated identified costs for health services by almost half to $77.6 million, and outlays on general public services rose by 14.5% ($18.6 million) to

$146.7 million, respectively. Spending for education rose by 17.4% ($10.7 million) to $72.5 million, while increased transfers to a local broadcasting station led to other community & social services advancing by $7.9 million to $12.1 million.

The expansion in capital spending was mainly attributed to a 52.6% rise in investments in public works & water supply outlays to $32.8 million. The quarterly flows for education also firmed to $4.4 million from $1.0 million. However, investments under general public service spending and defense were both nearly halved at $8.3 million and $3.6 million, respectively.

Financing and the National Debt

The bulk of the budgetary financing for the third quarter of FY2015/16, $114.3 million, was obtained from external sources, while the domestic market accounted for the remaining $49.6 million. Domestic sources comprised treasury notes ($26.2 million), foreign currency loans ($13.4 million) and short-term advances ($10.0 million). Meanwhile, debt repayments totaled $35.3 million, most of which (74.3%) were utilized to retire Bahamian dollar obligations.

As a result of these developments, the Direct Charge on the Government firmed by $128.7 million (2.2%) over the quarter and by $448.6 million (8.0%), on an annual basis, to $6,026.9 million. The dominant Bahamian dollar component—at 70.3% of the total—was held primarily by commercial banks (40.7%), while non-bank private and institutional investors, public corporations, the Central Bank and other local financial institutions, accounted for the remaining 32.0%, 15.1%, 12.0% and 0.2%, respectively.

By type of instrument, Government bonds formed the dominant share of Bahamian dollar debt, at 72.2%, with the proportion of BGRS and BGS[1] standing at 90.9% and 9.1%, respectively, and having an average maturity of 9.3 years. Further, Treasury bills & notes and loans & advances accounted for smaller shares, of 19.9% and 8.0%, respectively.

Government's contingent liabilities contracted marginally by 0.5% ($3.9 million) over the previous quarter, although increasing by $31.3 million (4.4%), year-on-year, to $751.3 million. As a consequence, the National Debt—which includes contingent liabilities—advanced by $124.8 million (1.9%) over the three-month period, and by $479.9 million (7.6%) relative to the prior year, to $6,778.2 million.

Public Sector Foreign Currency Debt

Public sector foreign currency debt increased by 4.3% ($110.1 million) over the quarter, to $2,678.4 million, as new drawings of $130.7 million, outpaced amortization payments of $20.6 million. On an annual basis, the debt rose by 8.2% ($202.8 million). The Government's component—at 66.8% of the total—grew over the previous three-month period, by 7.1% ($118.7 million) to $1,790.2 million; however, public corporations' liabilities declined by 1.0% ($8.6 million) to $888.3 million.

In comparison to the same quarter of 2015, total foreign debt service payments rose by almost a third, ($12.0 million) to $48.5 million, with the public corporations' share increasing by $7.9 million (47.6%) to $24.4 million. In particular, amortization payments grew by $6.9 million and interest expenses edged up by $1.0 million. Similarly, Government's debt service payments advanced by $4.1 million (20.5%) to $24.1

[1] Bahamas Government Registered Stock and Bahamas Government Stock

million, due to expansions in amortization outlays, which overshadowed a modest reduction in interest charges.

By creditor profile, the dominant share of foreign currency debt was held by international capital market investors (74.8%), with commercial banks, multilateral institutions and bilateral firms accounting for much smaller shares of 12.2%, 10.5% and 2.5%, respectively. The average age of the debt stock fell slightly to 12.5 years from 12.8 years in 2015. Most the liabilities were denominated in US dollars (83.5%), while euros, Swiss Francs and the Chinese Yuans comprised the remaining 10.2%, 3.8% and 2.5%, respectively.

REAL SECTOR

TOURISM

Against the backdrop of the modest pace of global growth—particularly the key United States market—and softness in hotel performance indicators, preliminary data suggests that output in the tourism sector was flat to declining over the first quarter.

Data on visitor arrivals is not yet available; however, broad-based reductions in average daily room rates (ADRs) and occupancy levels, suggest that earnings contracted. Based on data from the Bahamas Hotel Association for a sample of large properties in New Providence and Paradise Island, total room revenues declined by 5.0% over the three-month period, a reversal from the growth of 8.0% recorded in the prior year. Underpinning this outturn, the average daily room rate (ADR) fell by 3.7% to $275.33, while the average hotel occupancy rate narrowed by 2.0 percentage points to 73.7%.

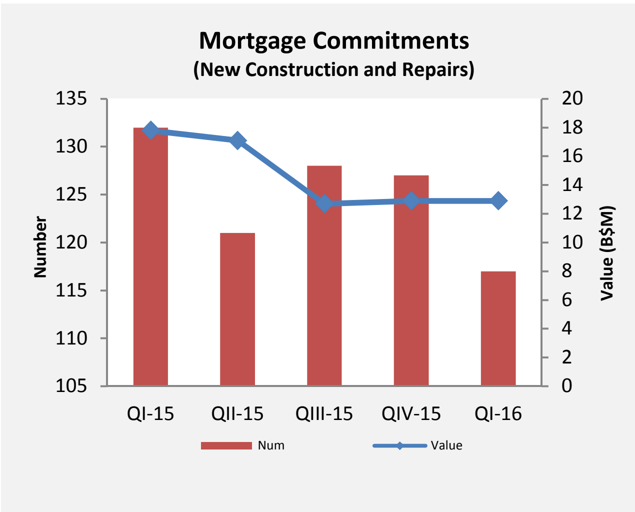
CONSTRUCTION

Output in the construction sector posted modest gains during the first quarter of 2016, stemming largely from a combination of new foreign and domestically financed investment projects, which commenced over the review period. However, expectations are that output in the sector will remain soft over the near-term.

During the first quarter, the number of building starts in New Providence and Grand Bahama firmed by a combined 21.0% to 127, and the corresponding value expanded by 7.6% to $28.6 million over the comparative 2015 period. Underpinned by heightened activity in Grand Bahama, the dominant residential component—at 91.3% of the total—rose by 27.5% in number to 116; although the associated value fell by 5.9% to $22.2 million. In contrast, the commercial component declined in number by 15.4% to 11, but the relatively higher average cost of these projects led to the corresponding value more than doubling to $6.4 million from $2.9 million a year earlier. With regard to the public sector component, there were no construction starts during the review quarter, compared to one project valued at $0.1 million in the prior period.

Similar trends were noted for building completions in New Providence and Grand Bahama, which grew by 13.8% in number to 124, with the associated value higher by 10.9% at $43.8 million. Underlying this outturn, residential completions—which accounted for 79.0% of the total—increased in number by 24.1% to 98; however, the estimated value fell by 4.5% to $25.2 million. Further, the number of completed commercial units decreased by 20.0% to 24, although the corresponding value rose by 3.5% to $13.6 million. In addition, the public sector recorded 2 completions valued at $5.0 million, vis-à-vis no activity in the first quarter of 2015.

The forward looking indicator building permits, advanced by 2.3% to 310 units during the first quarter, while the appraised value nearly doubled to $158.8 million. Specifically, the number of housing permits grew by 4.4% to 236 units, with valuations increasing by 15.0% to $60.0 million. In contrast, the commercial component fell in number by 4.2% to 68, although the associated value more than doubled to $73.6 million from $33.0 million in the comparative 2015 period. Further, the number of permits for public sector projects stabilized at 6, although the corresponding value advanced to $25.2 million from a mere $1.3 million a year earlier, due to the issuing of permits for a significant defence related project.



Financing trends appeared in line with the activity indicators, as the value of mortgage disbursements for new construction and repairs, as reported by commercial banks, insurance companies and the Bahamas Mortgage Corporation, expanded by 43.2% to $30.3 million, a reversal from a 19.9% reduction in 2015. Specifically, the dominant residential segment—at 97.1% of the total—rose by 41.0% to $29.4 million, extending the 4.9% gain recorded a year earlier. Further, the commercial component firmed to $0.9 million, from $0.3 million in 2015. In contrast, mortgage commitments—a forward-looking indicator—declined by 27.5% to $12.9 million.

With regard to lending conditions, the average interest rates on both commercial and residential mortgages stabilized at 8.5% and 8.0%, respectively, relative to the first quarter of 2015.

PRICES

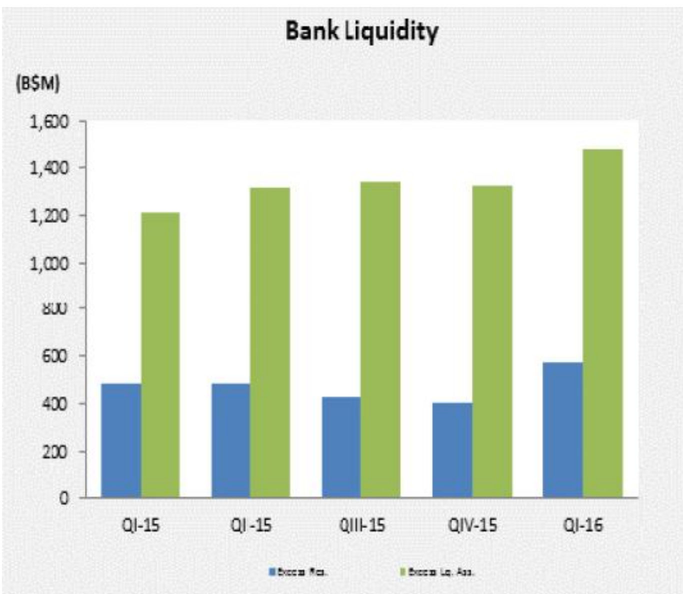
Domestic consumer prices—as measured by changes in the Retail Price Index (RPI)—were further impacted by the downward trend in global oil prices. The average RPI declined by 0.7% during the review quarter, a reversal from a 1.8% rise in the corresponding period of 2015. Average prices for housing, water, gas, electricity & other fuels—which account for one-third of the index—fell further by 0.6%, and transportation was down by 6.1%. Also, declines were registered for recreation & culture and clothing & footwear costs, of 0.9% and 0.3%, respectively, following a significant uptick in 2015; and cost increases were notably more muted for health services (1.0%), alcoholic beverages, tobacco & narcotics (0.1%), food & non-alcoholic beverages (0.3%), furnishing, household equipment & routine household maintenance (0.6%), restaurant & hotels (0.3%) and communication (1.5%).

Corresponding to the decline in international crude oil prices, domestic energy costs maintained their downward trajectory in the first quarter. Specifically, the average prices of both diesel and gasoline decreased by 11.4% and 9.3% to $3.32, and $3.69 per gallon, respectively. In comparison to the same period of 2015, prices were 13.8% and 9.1% lower. In addition, the Bahamas Electricity Corporation's fuel surcharge fell over the quarter by 12.1% to 8.89¢ per kilowatt hour (kWh) and in comparison to the prior year, prices were 59.1% lower.

MONEY, CREDIT AND INTEREST RATES

OVERVIEW

Buoyed by the Government's external loan financing and net foreign currency inflows from the real sector, monetary developments during the first quarter featured robust growth in both liquidity and external reserves. Further, banks' credit quality indicators improved modestly over the review period, reflecting in part loan write-offs and debt restructuring activities, as consumers continued to face challenges in servicing their debts. In terms of lending, the weighted average interest rate spread narrowed, owing to a decrease in the average loan rate and a rise in the corresponding deposit rate. In the latest trends for the fourth quarter of 2015, overall profitability of the sector increased, due to a gain in interest revenue and lower levels of bad debt provisioning.



LIQUIDITY

Reflecting mainly the receipt of proceeds from the Government's external foreign currency loan, net free cash reserves of the banking system rose by $174.3 million (43.1%) to $579.2 million, a turnaround from 2015's $3.2 million (0.7%) contraction. At end-March, the ratio of free cash reserves to Bahamian dollar deposit liabilities stood at 9.1%, vis-à-vis 7.9% in 2015. Similarly, the broader surplus liquid assets advanced by $152.4 million (11.6%) to $1,469.3 million, extending the prior year's $55.4 million (4.8%) accumulation. This surplus surpassed the required statutory minimum by approximately 136.3%, relative to 116.8% a year earlier.

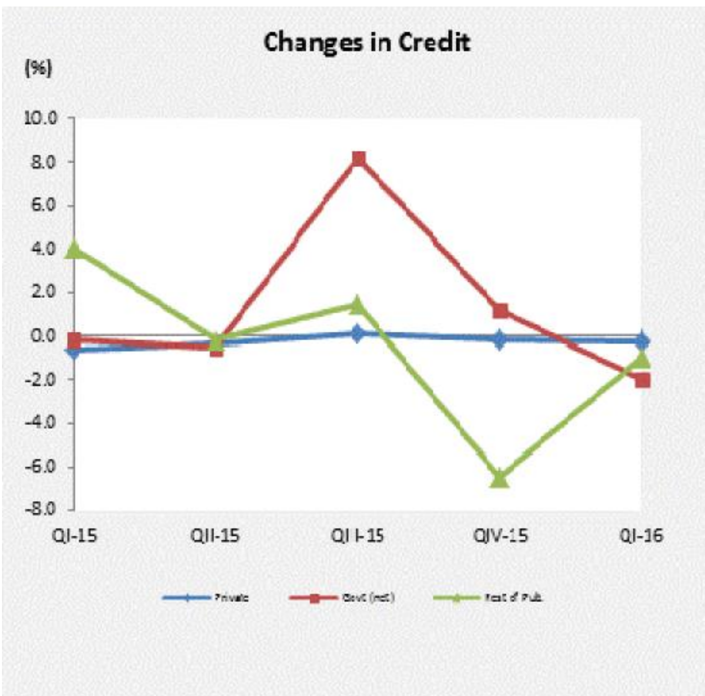
DEPOSITS AND MONEY

The expansion in the overall money supply (M3) firmed to 2.0% from 1.0% in the previous period, for an outstanding stock of $6,498.9 million. In terms of the components, the growth in narrow money (M1) increased slightly to 3.5%, with a rebound in public sector balances supporting further demand deposit gains of 3.9%, while currency in active circulation remained almost unchanged. Similarly, the increase in broad money (M2) widened to 1.7% from 0.2% a year earlier, as a rise in private sector placements contributed to marginal recovery in fixed deposits of 0.1%. Growth in savings deposits, however tapered slightly to 2.6%. Meanwhile, residents' foreign currency deposit gains narrowed by 9.9%, after the public sector's balances recorded an 8.3% downturn and private sector placements rose at a narrowed pace of 12.1%.

In terms of the components, fixed deposits constituted the largest share of the money stock at 45.7%, with demand balances and savings deposits comprising respective proportions of 29.2% and 18.1%. Smaller shares were represented in currency in active circulation (3.8%) and resident's foreign currency deposits (3.2%).

Domestic Credit

During the first quarter, total domestic credit contracted by $63.1 million (0.7%), after a $23.2 million (0.3%) fall in 2015, reflecting mainly higher net repayments by the Government. In terms of the components, the dominant Bahamian dollar segment—at 93.4% of the total—fell further by $70.5 million (0.8%), exceeding the prior year's $37.8 million (0.5%) contraction, while the growth in foreign currency credit slowed to $7.4 million (1.3%) from $10.4 million (1.7%) a year earlier.



A disaggregation of Bahamian dollar credit revealed a further contraction in banks' net claims on the Government by $58.4 million (2.7%), surpassing the prior year's $13.2 million (0.7%) contraction. In particular, net proceeds from a US$100 million equivalent loan were utilized to reduce short-term advances. Credit to the rest of the public sector was almost unchanged, following the preceding year's $4.2 million (2.1%) expansion. Meanwhile, amid ongoing weak consumer demand, the falloff in private sector credit slowed to $12.9 million (0.2%) from $28.9 million (0.5%) a year earlier.

Within the private sector, personal loans, which comprised the majority of outstanding private claims (81.6%), declined incrementally by $5.4 million (0.1%), as compared to 2014's $27.3 million (0.5%) reduction. Net repayments were recorded for both consumer and residential mortgages, of $6.1 million (0.3%) and $0.8 million (0.03%), respectively, overshadowing growth in overdrafts of $2.3 million (3.8%).

A further breakdown of consumer loans revealed net repayments for credit cards ($5.2 million), land purchases ($5.2 million), private cars ($4.1 million) and home improvement ($3.0 million). More muted declines of under $1.0 million were posted for education, travel, furnishing & domestic appliances, commercial vehicle loans, and taxis & rented cars. Conversely, increases in lending were revealed for miscellaneous purposes, debt consolidation and medical loans by $8.9 million, $3.5 million and $0.8 million, respectively.

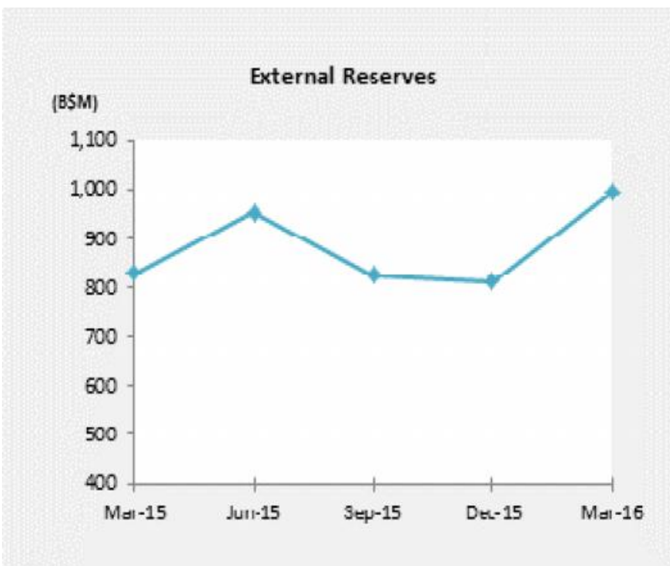
Among the other private sector credit components, the most significant net repayments were recorded for miscellaneous purposes ($13.7 million), while smaller declines were registered for entertainment & catering ($2.0 million), professional & other services ($2.0 million) and private financial institutions ($1.9 million), with more muted decreases of under $1.0 million occurring for tourism, fisheries and agriculture. In a partial offset, credit for construction, distribution, public institutions and manufacturing, advanced by $9.1 million, $4.9 million, $0.8 million and $0.2 million, respectively.

Mortgages

Information on mortgage lending activity reported by banks, insurance companies and the Bahamas Mortgage Corporation, showed that total mortgages outstanding were approximately stable, relative to the preceding year's $23.6 million (0.7%) decline, for an outstanding stock of $3,252.4 million. The reduction in the dominant residential component (at 93.4% of the total) slackened to $1.1 million (0.04%) from $19.3 million (0.6%) in 2015. In contrast, the commercial component rose by $1.8 million (0.9%) to $213.2 million, a reversal from last year's $4.3 million (2.2%) contraction. Domestic banks still held most of the mortgages (88.8%), followed by insurance companies (6.1%) and the Bahamas Mortgage Corporation (5.1%).

THE CENTRAL BANK

During the review quarter, the Central Bank's net claims on the Government fell marginally by 0.7% to $490.1 million, after a 12.4% contraction in 2015, and corresponded to a reduction in holdings of debt instruments. Meanwhile, after a drawdown in deposits, net liabilities to the rest of the public sector declined further by $3.6 million (43.4%) to $4.7 million. However, supported by proceeds from the Government's repayment of short-term advances, commercial banks' deposit balances increased by $172.3 million (23.6%) to $902.2 million, in contrast to a $20.9 million (2.8%) decrease in the corresponding 2015 period.



The proceeds from the Government's US$100 million equivalent external loan and net inflows from real sector activities, boosted external reserves by $183.0 million (22.5%) to $994.9 million at end-March; this surpassed the year earlier growth of $41.4 million (5.3%). In the underlying foreign currency transactions, the Bank's net purchase widened by $120.6 million to $159.9 million, with the net intake from the Government more than three-fold higher at $91.0 million, while the net receipt from commercial banks extended by 12.0% to $141.9 million. In addition, the Bank's net sale to public corporations narrowed considerably by more than one-third to $73.0 million, benefitting from the reduction in international oil prices.

At end-March, the stock of external reserves was equivalent to an estimated 18.5 weeks of total merchandise imports, relative to 12.1 weeks a year earlier. After adjusting for the 50% statutory requirement on the Central Bank's Bahamian dollar liabilities, "useable" reserves firmed by $74.0 million to $401.0 million.

DOMESTIC BANKS

In the context of elevated domestic liabilities, a reduction in net domestic credit and other balance sheet developments, banks funded a further reduction in net foreign liabilities of $19.3 million (3.6%) during the review quarter, as compared to $36.7 million (7.3%) in 2015.

On the asset side, with the increase in net repayments by the public sector, banks' net credit contracted by $59.3 million (0.7%), in contrast to the prior year's $34.2 million (0.4%) expansion. Net claims on the Government fell by $40.9 million (2.4%), opposing the $58.4 million (3.9%) advance in 2015. In addition, credit to the public corporations fell by $4.9 million (1.4%), in contrast to the prior period's $14.7 million

(4.0%) expansion. In the meantime, the contraction in private sector credit was more than two-thirds lower at $13.7 million (0.2%), as various promotional campaigns contributed to a modest uptick in mortgages.

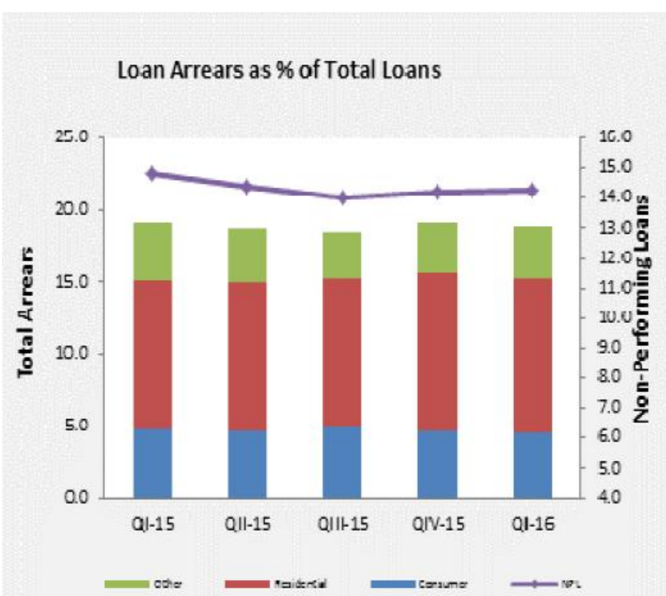
Total deposit liabilities—inclusive of Government balances—increased by $186.0 million (2.9%) to $6,566.4 million, outstripping the $83.2 million (1.3%) expansion in 2015. In the underlying components, private sector deposits improved by $125.6 million (2.2%), up from $43.7 million (0.8%) a year ago, while gains in Government's balances widened to $57.6 million (21.3%) from $10.4 million (4.9%) last year. In contrast, the growth in the deposits of the public corporations moderated to $2.8 million (0.8%) from $29.0 million (8.4%) in the same quarter of 2015.

At end-March, the dominant share of banks' deposit liabilities were held in Bahamian currency (96.8%), followed by US dollars (3.1%) and other currencies (0.1%). By holder, private individuals accounted for the bulk of the local currency accounts (49.9%), followed by business firms (28.9%), private financial institutions (6.1%), the Government (5.1%), non-governmental agencies (4.9%), public corporations (4.1%) and public financial institutions (1.0%).

By account type, fixed deposits comprised the largest share of deposits (49.2%), followed by demand (32.3%) and savings (18.5%). The majority of accounts (87.5%) held balances of under $10,000, although representing only 6.0% of the total value. Accounts with balances between $10,000 and $50,000 accounted for 8.4% of the total number and 10.7% of the aggregate value, while deposits in excess of $50,000 constituted only 4.1% of the total, but 83.3% of the overall value.

CREDIT QUALITY

Supported by debt restructuring activities and sustained loan write-offs, banks' credit quality indicators improved during the first quarter, as total private sector loan delinquencies declined by 1.8% over the three-month period to $1,198.0 million, and by 1.5% relative to end-March 2015. As a result, the ratio of arrears to total private sector loans firmed by 30 basis points on a quarterly basis, and by 24 basis points, year-on-year, to 20.0%.



The reduction in total private sector loan arrears was led by a 1.8% decrease in mortgage delinquencies—at a dominant 57.1% of the total—to $684.6 million, thereby narrowing the relevant quarterly ratio by 62 basis points, to 24.1%. Similarly, the consumer segment fell by $11.3 million (3.8%) to $286.2 million, resulting in a 32 basis point reduction in the associated ratio to 12.4% over the quarter. In contrast, the commercial component rose modestly by $2.3 million (1.0%) to $227.2 million and by 49 basis points to 27.2% of total loans.

A breakdown by the average age of delinquencies showed that the short-term (31-90 day) segment contracted by $20.8 million (6.6%) to $292.2 million, and the corresponding ratio narrowed by 33 basis points to 4.9% of total private sector loans. In addition, non-accruals—arrears in excess of 90 days and on which banks have stopped accruing interest—fell marginally by $0.9 million (0.1%) to $905.8 million, for a slight 3 basis point decrease in the corresponding loan ratio to 15.1%.

Commercial banks remained conservative in managing their credit portfolios, raising total loan loss provisions by $12.7 million (2.4%) to $543.1 million during the quarter. As a consequence, the ratio of provisions to total loans firmed by 25 basis points to 8.6%, while the relevant ratios to both arrears and non-performing loans, advanced by 1.9 and 1.5 percentage points to 45.3% and 60.0%, respectively.

BANK PROFITABILITY

Reflecting mainly less marked additions to provisions for bad debts and lower operating costs, banks' overall profitability recovered more than four-fold to $63.0 million during the fourth quarter of 2015.

The net interest margin firmed by 6.3% to $140.2 million, explained by a 3.6% ($5.6 million) increase in interest income and an 11.3% ($2.7 million) contraction in interest expense. Further, commission & foreign exchange fees moved modestly higher by 6.6% to $6.9 million, resulting in an improvement in the gross earnings margin of 6.3% ($8.7 million) to $147.1 million.

Meanwhile, banks' total operating outlays declined by an estimated 8.3% to $84.8 million, on account of reductions in "miscellaneous" operating costs, staff expenses and occupancy outlays. In addition, bad debt expenses were more than halved to $27.4 million, while depreciation costs decreased by 6.9% to $3.5 million and other "miscellaneous" income rose by 13.2% to $31.7 million. As a consequence, domestic banks' net non-core activities resulted in a slight net profit of $0.7 million, a reversal from a significant $32.9 million net loss in the prior year.

In light of these developments, banks' overall profitability ratios improved as a percentage of average assets during the three-month period. Specifically, the gross earnings margin ratio firmed by 24 basis points to 5.91%, attributed to a 23 basis point increase in the interest margin ratio to 5.63%, while the commission & foreign exchange income ratio edged up by 1 basis point to 0.28%. In addition, the operating cost ratio contracted by 38 basis points to 3.41%, resulting in a 62 basis point increase in the net earnings ratio to 2.50%. As a consequence, the net income ratio grew by 2.0 percentage points to 2.53%.

Banking Sector Interest Rates

Period Average (%)

	Qtr. I 2015	Qtr. IV 2015	Qtr. I 2016
Deposit Rates			
Savings Deposits	0.96	0.72	0.80
Fixed Deposits			
Up to 3 months	1.07	1.10	1.05
Up to 6 months	1.02	1.20	1.05
Up to 12 months	1.90	1.53	1.87
Over 12 months	1.55	1.57	1.64
Weighted Avg Deposit	**1.46**	**1.27**	**1.36**
Lending Rates			
Residential mortgages	6.89	6.20	6.32
Commercial mortgages	7.61	9.09	7.42
Consumer loans	14.05	14.49	13.65
Other Local Loans	7.54	6.84	7.40
Overdrafts	10.48	10.60	10.78
Weighted Avg Loan Rate	**11.94**	**12.32**	**11.83**

INTEREST RATES

The commercial banks' weighted average interest rate spread narrowed by 58 basis points to 10.47%, during the quarter, explained by a combination of a 49 basis point tightening in the average lending rate to 11.83%, and a 9.0 basis point increase in the average deposit rate to 1.36%.

In terms of deposits, the average rates on savings and demand balances rose by 8 and 5 basis points to 0.80% and 0.30%, respectively. Similarly, the average range of interest earned on fixed balances widened to 1.05% – 1.64% from 1.10% - 1.57%.

With regard to lending, the decrease in the average rate was attributed to respective declines in the commercial mortgage and consumer loan rates by 1.7 and 0.8 percentage points, to 7.42% and 13.65%. In contrast, the average rate on overdrafts advanced by 18 basis points to 10.78%, while the average rate on residential mortgages firmed by 12 basis points to 6.32%.

Among other key interest rates, the average 90-day Treasury bill rate rose by 27 basis points to 1.03%, while the 90-day Treasury notes, Central Bank's Discount Rate and commercial banks' Prime rate remained at 2.00%, 4.50% and 4.75%, respectively.

CAPITAL MARKETS DEVELOPMENTS

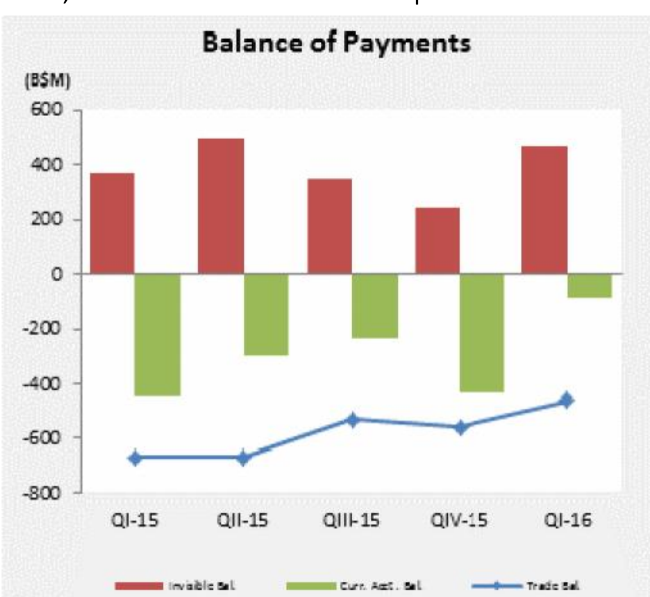
Activity in the domestic capital markets was relatively brisk during the review quarter, benefitting from several large volume transactions among entities in the insurance, banking and industrial sectors. Specifically, the volume of shares traded on the Bahamas International Securities Exchange (BISX) expanded by 49.9% (0.3 million) to 0.9 million, a reversal from a 23.7% contraction a year earlier. The value of trades also appreciated by 41.9% ($2.8 million) to $6.7 million, outstripping the prior year's 28.0% upturn.

Given the share price improvements, the Bahamas International Securities Exchange (BISX) All Share Index advanced by 12.0% to 1,874.0 points by end-March, extending the year earlier gain of 10.6%. Total market capitalization firmed by an estimated 7.2% to $3.8 billion during the review period, following 2015's 14.2% expansion.

During the quarter, the number of securities listed on the exchange rose by 8 to 37, due to new registrations of Government debt instruments. At end-March, the securities listed consisted of 20 common shares, 13 preference shares and 4 debt tranches.

INTERNATIONAL TRADE AND PAYMENTS

With the winding down of a major foreign investment project in 2015, provisional data for the first quarter of 2016 showed a significant narrowing in the current account deficit to $83.3 million, relative to $444.6 million in the preceding year. Underlying this development was a sharp reduction in the merchandise trade deficit, combined with a notable improvement in the services account surplus. Concurrently, the surplus on the capital and financial account fell to $13.9 million from $116.9 million, amid a large falloff in mainly loan-based private investment financing.



The estimated merchandise trade deficit narrowed by $207.6 million (31.1%) to $459.8 million. Imports contracted by $240.0 million (30.2%) to $552.5 million, eclipsing the $32.6 million (26.0%) reduction in exports to $92.7 million. The outturn was dominated by a $208.6 million (35.4%) decline in net merchandise imports to $380.8 million, due in part to a reduction in construction materials purchases. In addition, with the fall in global oil prices, net fuel imports decreased by $11.6 million (10.1%) to $103.9 million. In this regard, the average cost per barrel for jet-fuel narrowed by 39.1% to

$43.30; gas oil, by 30.7% to $48.93; propane, by 28.8% to $29.87; motor gas, by 23.5% to $56.84 and aviation gas, by 11.1% to $111.69.

The estimated services account surplus strengthened by approximately $103.1 million (27.8%) to $473.6 million. The main cause was the $89.0 million contraction in net payments for construction-related services to $4.0 million, as a major foreign investment project—although unwinding—neared completion. Net tourism receipts, the largest component of the surplus, grew by $8.7 million (1.4%) to $622.1 million. Also contributing to the outcome, net transportation payments fell by $3.7 million (6.1%) to $56.4 million, owing mainly to a decrease in net outflows for air & sea freight services, which negated the uptick in net passenger services outflows and reductions in net receipts associated with local port charges. In addition, international companies' net local expenses rose by $12.7 million (56.5%) to $35.2 million, while the net outflow for insurance services and royalty & license fees steadied at a combined $35.6 million. In partial offsets, net disbursements for other "miscellaneous" services firmed by $10.5 million (12.3%) to $95.6 million, and the net inflow for Government services declined by 4.5% to $7.9 million.

Net income outflows were halved to $68.5 million, as net investment outflows fell by $63.6 million (52.3%) to $58.1 million. Specifically, private companies' net interest and dividends payments contracted by $60.4 million (56.1%) to $47.3 million, due primarily to decreases in commercial banks and non-banks' net profit repatriations by $33.3 million (84.3%) and $27.1 million (39.7%), respectively. Amid a reduction in the Government's external expenses, net official interest payments decreased by $3.2 million (23.1%) to $10.8 million. Also, net labour income remittances were approximately halved to $10.4 million.

Net current transfer outflows widened to $28.7 million from $5.4 million in 2015, as net worker remittances and "miscellaneous" transfers rose by 37.5% and 7.7% to $37.6 million and $20.6 million, respectively. Further, net Government receipts decreased by $11.5 million (28.0%) to $29.6 million.

The surplus on the capital and financial account decreased to $13.9 million from $116.9 million in the prior year. Noteworthy, net private debt flows switched from a $140.6 million net inflow, to a $58.5 million repayment, due in large measure to a sharp falloff in loan financing. Further, private direct investment funding was reversed from a $9.7 million net inflow in 2015 to a $0.9 million net payment, as net real-estate divestments outweighed moderately stronger net equity investment inflows. Conversely, a decline in migrants' remittances underpinned a $3.1 million reduction in net capital transfers to $4.3 million.

Contrasting with private sector trends, the public sector's net borrowing rose by $89.6 million to $101.1 million—reflecting the Government's external loan financing. Also, domestic banks' net short-term outflows narrowed by $14.1 million to $19.3 million.

In line with these developments and after adjusting 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 $141.6 million to $183.0 million.

INTERNATIONAL ECONOMIC DEVELOPMENTS

Indications are that the global economy sustained its modest—although uneven—pace of growth during the first quarter, supported by gains in the United States and European economies. However, the slowdown in China's real GDP expansion and weakness in several other emerging markets remained a drag on global growth. In this environment, labour market conditions improved gradually, while the softness in international oil prices led to inflation remaining relatively subdued. Given these developments, most of the major central banks either maintained or enhanced their highly accommodative monetary policy stances during the review quarter.

Real GDP growth in the United States slowed to an annualized rate of 0.5% in the first quarter—its weakest pace in two years—from 1.4% in the prior three-month period. This outturn reflected reductions in non-residential fixed investments and federal government spending, combined with a weather-related falloff in personal consumption expenditures. Similarly, real output expansion in the United Kingdom tapered by 20 basis points to 0.4% over the previous three-month period, led by lower business investment spending. Buoyed by higher consumption expenditure, real GDP growth in the euro area quickened by 20 basis points to 0.5% in the first quarter, as the region's two largest economies—France and Germany—sustained their modest growth path. Japan's economy expanded by 1.9% on an annual basis over the first quarter, a turnaround from an annualized 1.8% decline in the prior three-month period, due mainly to accelerated gains in household and Government spending, which offset the reduction in private non-residential investment. China sustained its 6.7% year-on-year growth rate over the review period, after the previous quarter's 6.8% upturn, bolstered by increases in real estate investments and construction activity.

External sector developments were mixed among the major economies over the review quarter, when compared to the prior three-month period. In the United States, the trade deficit narrowed by 0.3% to an estimated $133.3 billion in the first quarter, as imports contracted by more than exports. In contrast, the United Kingdom's deficit on trade in goods and services widened by 8.8% to £13.3 billion, due mainly to stronger demand on the import side related to machinery and transport equipment. The seasonally adjusted euro area's trade surplus narrowed by 1.7% to €63.7 billion, due to export weakness, while a similar development led to China's trade surplus narrowing by 28.5% to an estimated US$1.3 billion. In contrast, Japan's trade account reversed to a surplus of ¥341.2 billion in the first quarter, from a deficit of ¥143.8 billion in the prior three-month period, as the fall in energy-related imports overshadowed weaker exports of mainly merchandise items.

Labour market conditions continued to improve in most of the major economies. In the United States, the jobless rate narrowed by 10 basis points to 9.4%, with job growth mainly in the retail trade, construction and health services sectors. Similarly, the euro area's jobless rate fell by 20 basis points to 10.2% compared to the fourth quarter—the lowest rate recorded since August 2011—reflecting mainly job gains in the southern states. In the United Kingdom, the unemployment rate steadied at 5.1%, and in China, the rate stayed at 4.0%; although Japan's jobless rate decreased by 10 basis points to 3.2%.

Despite modest firming in fuel and food costs, global inflation remained relatively benign over the review quarter. In the United States, annual inflation firmed by 20 basis points to 0.9% at end-March, underpinned by higher housing and medical care costs, which offset the reduction in energy prices. Annualized inflation in the United Kingdom also rose by 30 basis points to 0.5%, due in part to higher clothing & footwear costs. Similarly, in the euro area, average annual inflation stabilized in the twelve months to March, following a 0.2% increase in December, occasioned by decreases in transportation, heating oil, and gas prices. In the Asian economies, China's inflation rate quickened by 70 basis points to 2.3% at end-March, year-on-year, led by an acceleration in prices for food and health-care. In contrast, Japan continued to face deflationary pressures, as consumer prices contracted to 0.5%, following a 0.2% decline in the previous quarter, due to reductions in the indices for clothes & footwear and semi-durable goods.

The United States dollar weakened against the most of the major currencies during the review period, amid signs that the Federal Reserve was unlikely to raise interest rates in the near-term. As a result, the dollar recorded its largest declines versus the Japanese Yen, by 6.2% to ¥112.57; the Canadian dollar, by 6.0% to

CAD$1.30 and the euro by 4.6% to €0.88. More muted reductions were recorded vis-à-vis the Swiss Franc and the Chinese Yuan by 4.0% to CHF0.96 and by 0.7% to CNY6.45, respectively. However, the currency appreciated by 2.6% against the British Pound, to £0.70, as concerns over the potential exit of the United Kingdom from the European Union weighed down the currency.

The heightened volatility in China's markets as a result of the economic slowdown, spilled-over as sharp losses in most of the major indices during the review period. In Asia, China's SE Composite and Japan's Nikkei 225 fell by 15.1% and by 12.0%, respectively, while declines were also recorded for Germany's DAX (7.2%), France's CAC 40 (5.4%) and the United Kingdom's FTSE 100 (1.1%). In contrast, in the United States, both the Dow Jones Industrial Average (DIJA) and the S&P 500 appreciated by 1.5% and 0.8%, respectively, buoyed by positive economic sentiments.

The conclusion of an agreement between Russia and Saudi Arabia—the two largest crude oil producers—to limit production to current output levels, led to oil prices rising by 8.8% over the quarter to $39.76 per barrel. Further, the volatility in the financial markets drove investor demand for less risky assets, resulting in gold and silver prices advancing by 16.1% to $1,232.71 and by 11.4% to $15.44 per troy ounce, respectively.

Given the challenging global economic conditions, most of the major central banks either sustained or enhanced their highly accommodative monetary policy measures during the first quarter. In the United Kingdom, the Bank of England held its benchmark interest rate unchanged at 0.5% and maintained its £375.0 billion asset purchase programme. Meanwhile, the European Central Bank loosened monetary policy further, by reducing its main refinancing operations and marginal lending facility interest rates by 5 basis points each, to 0.00% and 0.25%, respectively. Similarly, the Bank of Japan lowered the key policy rate to negative 0.1% and introduced more stimulus through a negative interest rate regime on a specific section of financial intuitions' deposits at the Bank. In an effort to provide stability to the financial sector, the People's Bank of China injected US$20 billion into the banking system, while lowering its reserve requirement ratio by 50 basis points to 16.5%. Although policy makers in the United States maintained a bias towards future tightening, the Federal Reserve did not intervene during the quarter, signaling that any further increases in interest rates would hinge on the performance of the economy.

STATISTICAL APPENDIX (TABLES 1-16)

TABLE 1
FINANCIAL SURVEY

Period	2011	2012	2013	2014		2015				2016
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
				(B$ Millions)						
Net foreign assets	281.7	209.2	46.7	177.1	286.4	364.5	482.1	300.9	280.2	482.6
Central Bank	884.9	810.2	741.6	802.6	787.7	829.1	953.1	826.8	811.9	994.9
Domestic Banks	(603.2)	(600.9)	(694.9)	(625.4)	(501.2)	(464.6)	(471.1)	(525.8)	(531.7)	(512.4)
Net domestic assets	6,028.9	6,094.6	6,270.6	6,263.1	6,103.7	6,087.1	5,988.1	6,152.4	6,093.7	6,016.4
Domestic credit	8,543.5	8,691.3	8,957.1	9,025.0	8,870.5	8,840.9	8,808.9	8,987.6	8,966.2	8,903.0
Public sector	1,896.8	2,062.9	2,406.0	2,506.8	2,503.6	2,512.1	2,500.9	2,673.6	2,666.4	2,617.1
Government (net)	1,441.9	1,594.8	1,946.6	2,080.0	2,024.0	2,017.7	2,007.6	2,172.6	2,198.0	2,153.5
Rest of public sector	454.9	468.2	459.4	426.8	479.7	494.5	493.3	500.9	468.4	463.5
Private sector	6,646.6	6,628.4	6,551.1	6,518.2	6,366.9	6,328.8	6,308.0	6,314.1	6,299.7	6,285.9
Other items (net)	(2,514.6)	(2,596.7)	(2,686.5)	(2,762.0)	(2,766.8)	(2,753.9)	(2,820.8)	(2,835.2)	(2,872.4)	(2,886.6)
Monetary liabilities	6,310.4	6,303.7	6,317.2	6,440.1	6,390.0	6,451.4	6,470.0	6,453.2	6,373.8	6,498.8
Money	1,434.8	1,574.9	1,641.2	1,768.8	1,995.7	2,054.5	2,109.9	2,087.3	2,071.2	2,143.1
Currency	196.9	216.5	214.4	221.6	232.8	232.9	232.3	225.8	246.6	246.9
Demand deposits	1,237.9	1,358.4	1,426.8	1,547.2	1,762.9	1,821.5	1,877.6	1,861.5	1,824.7	1,896.1
Quasi-money	4,875.6	4,728.8	4,676.0	4,671.2	4,394.3	4,397.0	4,360.2	4,365.8	4,302.6	4,355.8
Fixed deposits	3,605.9	3,444.1	3,288.0	3,248.1	3,101.9	3,026.5	3,006.0	3,006.7	2,966.5	2,970.9
Savings deposits	1,063.7	1,069.0	1,114.0	1,158.7	1,067.5	1,099.3	1,128.4	1,144.8	1,148.3	1,178.5
Foreign currency	206.0	215.7	274.0	264.4	224.8	271.2	225.8	214.3	187.8	206.4
				(percentage changes)						
Total domestic credit	1.0	1.7	3.1	2.6	(1.7)	(0.3)	(0.4)	2.0	(0.2)	(0.7)
Public sector	0.8	8.8	16.6	8.5	(0.1)	0.3	(0.4)	6.9	(0.3)	(1.9)
Government (net)	1.9	10.6	22.1	10.6	(2.7)	(0.3)	(0.5)	8.2	1.2	(2.0)
Rest of public sector	(2.5)	2.9	(1.9)	(0.5)	12.4	3.1	(0.2)	1.6	(6.5)	(1.0)
Private sector	1.1	(0.3)	(1.2)	0.5	(2.3)	(0.6)	(0.3)	0.1	(0.2)	(0.2)
Monetary liabilities	1.9	(0.1)	0.2	0.3	(0.8)	1.0	0.3	(0.3)	(1.2)	2.0
Money	7.5	9.8	4.2	3.6	12.8	2.9	2.7	(1.1)	(0.8)	3.5
Currency	1.2	9.9	(0.9)	0.7	5.1	0.0	(0.3)	(2.8)	9.2	0.1
Demand deposits	8.5	9.7	5.0	4.1	13.9	3.3	3.1	(0.9)	(2.0)	3.9
Quasi-money	0.4	(3.0)	(1.1)	(0.8)	(5.9)	0.1	(0.8)	0.1	(1.4)	1.2

Source: The Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

Period	2011	2012	2013	2014		2015				2016
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
				(B$ Millions)						
Net foreign assets	288.4	215.1	76.4	224.4	334.2	414.6	538.3	376.7	360.1	571.6
Central Bank	884.9	810.2	741.6	802.6	787.7	829.1	953.1	826.8	811.9	994.9
Commercial banks	(596.5)	(595.1)	(665.2)	(578.1)	(453.5)	(414.5)	(414.9)	(450.0)	(451.8)	(423.4)
Net domestic assets	5,978.2	6,034.1	6,189.3	6,166.9	6,002.0	5,973.3	5,863.7	6,014.2	5,956.8	5,874.7
Domestic credit	8,515.6	8,661.9	8,929.8	8,992.4	8,837.0	8,795.6	8,766.4	8,954.7	8,926.2	8,858.2
Public sector	1,887.0	2,050.1	2,396.6	2,497.6	2,492.5	2,500.9	2,480.5	2,662.9	2,653.2	2,607.2
Government (net)	1,432.5	1,582.4	1,937.7	2,071.1	2,013.2	2,006.8	1,987.6	2,162.3	2,187.2	2,146.0
Rest of public sector	454.4	467.7	458.9	426.5	479.3	494.1	492.9	500.6	466.0	461.2
Private sector	6,628.6	6,611.8	6,533.2	6,494.8	6,344.5	6,294.7	6,285.9	6,291.8	6,273.0	6,251.0
Other items (net)	(2,537.4)	(2,627.8)	(2,740.5)	(2,825.5)	(2,834.9)	(2,822.3)	(2,902.7)	(2,940.5)	(2,969.4)	(2,983.5)
Monetary liabilities	6,266.5	6,249.0	6,265.6	6,391.2	6,336.1	6,387.7	6,401.9	6,390.8	6,316.8	6,446.1
Money	1,408.2	1,541.9	1,610.9	1,736.0	1,955.0	2,014.8	2,053.7	2,037.4	2,024.9	2,101.0
Currency	196.9	216.5	214.4	221.6	232.8	232.9	232.3	225.8	246.6	246.9
Demand deposits	1,211.3	1,325.4	1,396.5	1,514.4	1,722.2	1,781.8	1,821.5	1,811.6	1,778.3	1,854.0
Quasi-money	4,858.2	4,707.1	4,654.7	4,655.1	4,381.1	4,372.9	4,348.1	4,353.5	4,291.9	4,345.1
Savings deposits	1,063.7	1,069.0	1,114.0	1,158.7	1,067.5	1,099.3	1,128.4	1,144.8	1,148.3	1,178.5
Fixed deposits	3,592.3	3,428.4	3,266.7	3,232.0	3,088.8	3,013.7	2,994.0	2,994.3	2,955.9	2,960.2
Foreign currency deposits	202.2	209.7	274.0	264.4	224.8	259.9	225.8	214.3	187.8	206.4
				(percentage change)						
Total domestic credit	1.1	1.7	3.1	2.6	(1.7)	(0.5)	(0.3)	2.1	(0.3)	(0.8)
Public sector	1.0	8.6	16.9	8.6	(0.2)	0.3	(0.8)	7.4	(0.4)	(1.7)
Government (net)	1.9	10.5	22.5	10.7	(2.8)	(0.3)	(1.0)	8.8	1.2	(1.9)
Rest of public sector	(1.5)	2.9	(1.9)	(0.5)	12.4	3.1	(0.2)	1.6	(6.9)	(1.0)
Private sector	1.1	(0.3)	(1.2)	0.5	(2.3)	(0.8)	(0.1)	0.1	(0.3)	(0.4)
Monetary liabilities	1.8	(0.3)	0.3	0.4	(0.9)	0.8	0.2	(0.2)	(1.2)	2.0
Money	7.1	9.5	4.5	3.5	12.6	3.1	1.9	(0.8)	(0.6)	3.8
Currency	1.2	9.9	(0.9)	0.7	5.1	0.0	(0.3)	(2.8)	9.2	0.1
Demand deposits	8.1	9.4	5.4	3.9	13.7	3.5	2.2	(0.5)	(1.8)	4.3
Quasi-money	0.4	(3.1)	(1.1)	(0.8)	(5.9)	(0.2)	(0.6)	0.1	(1.4)	1.2

Source: The Central Bank of The Bahamas

TABLE 3
CENTRAL BANK BALANCE SHEET

(B$ Millions)

Period	2011	2012	2013	2014 Sept.	2014 Dec.	2015 Mar.	2015 Jun.	2015 Sept.	2015 Dec.	2016 Mar.
Net foreign assets	884.9	810.2	741.6	802.6	787.7	829.1	953.1	826.8	811.9	994.9
Balances with banks abroad	115.2	216.5	122.4	153.5	155.2	186.1	308.1	212.3	206.6	380.1
Foreign securities	584.9	555.6	551.0	559.4	544.9	559.6	560.1	529.7	521.7	511.5
Reserve position in the Fund	9.6	9.6	9.6	9.3	9.1	8.6	8.8	8.8	8.7	27.2
SDR holdings	175.3	28.4	58.6	80.3	78.5	74.7	76.1	76.0	75.0	76.2
Net domestic assets	187.3	280.1	374.7	338.3	375.6	304.8	245.3	277.8	340.6	333.1
Net claims on Government	291.9	397.3	493.1	485.0	523.4	458.7	402.7	436.0	493.7	490.1
Claims	303.5	407.4	545.3	504.8	571.4	485.3	429.0	457.2	523.1	511.3
Treasury bills	26.2	129.7	186.6	126.6	119.7	76.7	22.9	54.7	126.6	114.2
Bahamas registered stock	165.8	171.3	223.5	243.1	316.5	273.1	270.5	266.7	261.1	261.5
Loans and advances	111.5	106.3	135.2	135.1	135.2	135.4	135.6	135.8	135.4	135.5
Deposits	(11.6)	(10.1)	(52.1)	(19.8)	(48.0)	(26.6)	(26.3)	(21.2)	(29.4)	(21.2)
In local currency	(11.6)	(10.1)	(52.1)	(19.8)	(48.0)	(26.6)	(26.3)	(21.2)	(29.4)	(21.2)
In foreign currency	-	-	-	-	-	-	-	-	-	-
Deposits of rest of public sector	(7.2)	(14.8)	(11.7)	(22.1)	(26.0)	(14.5)	(17.6)	(20.8)	(17.3)	(13.6)
Credit to commercial banks	-	-	-	-	-	-	-	-	-	-
Official capital and surplus	(136.6)	(135.7)	(140.0)	(143.6)	(152.3)	(156.7)	(155.0)	(155.4)	(163.7)	(162.4)
Net unclassified assets	28.4	23.0	23.0	9.5	21.1	7.9	5.9	8.9	19.0	10.2
Loans to rest of public sector	5.2	4.8	4.6	4.2	4.2	4.2	4.1	3.9	3.7	3.7
Public Corp Bonds/Securities	5.6	5.6	5.7	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Liabilities To Domestic Banks	(684.2)	(682.6)	(710.3)	(734.8)	(750.2)	(729.3)	(791.2)	(704.1)	(733.5)	(905.8)
Notes and coins	(126.9)	(127.4)	(138.1)	(105.6)	(142.5)	(112.5)	(109.8)	(108.5)	(142.4)	(113.9)
Deposits	(557.4)	(555.2)	(572.2)	(629.1)	(607.7)	(616.9)	(681.4)	(595.6)	(591.1)	(791.9)
SDR allocation	(191.1)	(191.2)	(191.6)	(184.5)	(180.3)	(171.6)	(175.0)	(174.7)	(172.4)	(175.3)
Currency held by the private sector	(196.9)	(216.5)	(214.4)	(221.6)	(232.8)	(232.9)	(232.3)	(225.8)	(246.6)	(246.9)

Source: The Central Bank of The Bahamas

TABLE 4
DOMESTIC BANKS BALANCE SHEET

(B$ Millions)

Period	2011	2012	2013	2014		2015				2016
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
Net foreign assets	(603.2)	(600.9)	(694.9)	(625.4)	(501.2)	(464.6)	(471.1)	(525.8)	(531.7)	(512.4)
Net claims on Central Bank	687.0	690.7	651.7	735.6	749.2	729.9	792.1	704.8	730.0	906.5
Notes and Coins	126.9	127.4	138.1	105.6	142.5	112.5	109.8	108.5	142.4	113.9
Balances	560.1	563.3	513.6	629.9	606.7	617.4	682.3	596.2	587.5	792.6
Less Central Bank credit	-	-	-	-	-	-	-	-	-	-
Net domestic assets	5,578.7	5,586.1	5,803.7	5,730.1	5,537.6	5,564.0	5,543.1	5,670.9	5,569.8	5,499.6
Net claims on Government	1,150.0	1,197.5	1,453.5	1,595.0	1,500.5	1,559.0	1,604.9	1,736.6	1,704.4	1,663.5
Treasury bills	275.4	219.3	392.4	452.5	454.5	502.5	556.3	699.6	662.6	680.0
Other securities	847.6	961.1	962.2	899.0	907.0	923.4	940.0	922.4	895.4	892.3
Loans and advances	145.7	152.4	253.6	408.2	352.1	356.5	362.2	371.4	416.8	419.2
Less: deposits	118.7	135.3	154.7	164.8	213.1	223.5	253.6	256.7	270.5	328.1
Net claims on rest of public sector	0.4	61.2	118.6	61.4	124.6	110.3	128.0	135.1	117.6	110.1
Securities	117.4	119.4	119.4	119.0	219.0	219.0	219.0	219.0	221.0	221.2
Loans and advances	326.8	338.5	329.8	298.4	251.3	266.0	264.9	272.8	238.4	233.6
Less: deposits	443.8	396.6	330.6	356.1	345.7	374.7	356.0	356.7	341.8	344.6
Other net claims	(9.9)	14.7	56.4	24.2	24.8	50.7	11.0	15.8	43.9	25.7
Credit to the private sector	6,646.6	6,628.4	6,551.1	6,518.2	6,366.9	6,328.8	6,308.0	6,314.1	6,299.7	6,285.9
Securities	16.4	14.1	16.6	17.7	16.8	16.7	16.8	18.1	24.4	25.8
Mortgages	3,227.6	3,275.4	3,310.3	3,289.9	3,211.4	3,187.9	3,179.9	3,171.2	3,164.7	3,165.8
Loans and advances	3,402.7	3,338.9	3,224.2	3,210.7	3,138.7	3,124.2	3,111.3	3,124.8	3,110.7	3,094.4
Private capital and surplus	(2,361.8)	(2,523.4)	(2,586.4)	(2,434.5)	(2,499.2)	(2,509.0)	(2,551.6)	(2,556.6)	(2,651.2)	(2,600.8)
Net unclassified assets	153.4	207.7	210.6	(34.2)	20.0	24.1	42.8	25.9	55.5	15.2
Liabilities to private sector	5,662.5	5,675.8	5,760.6	5,840.3	5,785.5	5,829.3	5,864.2	5,849.9	5,768.1	5,893.7
Demand deposits	1,325.6	1,442.7	1,593.5	1,660.2	1,830.6	1,932.4	1,957.7	1,922.4	1,868.3	1,949.9
Savings deposits	1,067.1	1,074.2	1,119.9	1,164.7	1,074.1	1,106.2	1,136.5	1,158.5	1,162.0	1,195.6
Fixed deposits	3,269.8	3,159.0	3,047.1	3,015.3	2,880.8	2,790.6	2,770.0	2,768.9	2,737.8	2,748.3

Source: The Central Bank of The Bahamas

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

(B$'000s)

Period	2011	2012	2013	2014 Qtr. I	2014 Qtr. II	2014 Qtr. III	2014 Qtr. IV	2015 Qtr. I	2015 Qtr. II	2015 Qtr. III	2015 Qtr. IV
1. Interest Income	702,491	667,055	646,083	153,222	154,951	154,028	155,607	148,510	156,468	160,233	161,209
2. Interest Expense	185,949	144,897	117,811	25,101	24,729	24,845	23,646	21,307	21,850	21,273	20,984
3. **Interest Margin (1-2)**	516,542	522,158	528,272	128,121	130,222	129,183	131,961	127,203	134,618	138,960	140,225
4. Commission & Forex Income	23,126	23,005	23,278	3,445	6,267	6,291	6,481	5,657	11,373	5,590	6,910
5. **Gross Earnings Margin (3+4)**	539,668	545,163	551,550	131,566	136,489	135,474	138,442	132,860	145,991	144,550	147,135
6. Staff Costs	164,959	162,348	181,910	43,140	43,367	42,484	42,588	42,852	45,619	41,628	40,297
7. Occupancy Costs	25,786	29,744	30,120	6,341	6,836	6,714	7,906	7,043	7,235	6,944	5,796
8. Other Operating Costs	107,138	111,914	132,475	41,325	155,190	40,715	42,048	38,156	39,715	34,005	38,753
9. **Operating Costs (6+7+8)**	297,883	304,006	344,505	90,806	205,393	89,913	92,542	88,051	92,569	82,577	84,846
10. **Net Earnings Margin (5-9)**	241,785	241,157	207,045	40,760	(68,904)	45,561	45,900	44,809	53,422	61,973	62,289
11. Depreciation Costs	12,693	13,364	16,969	3,677	3,556	3,633	3,771	4,005	4,021	4,231	3,512
12. Provisions for Bad Debt	101,503	168,098	149,114	27,392	149,450	32,720	57,062	42,791	36,705	25,659	27,419
13. Other Income	97,520	88,284	98,023	23,592	25,032	27,297	27,972	27,284	24,456	27,866	31,657
14. **Other Income (Net) (13-11-12)**	(16,676)	-93,178	(68,060)	(7,477)	(127,974)	(9,056)	(32,861)	(19,512)	(16,270)	(2,024)	726
15. **Net Income (10+14)**	225,109	147,979	138,985	33,283	(196,878)	36,505	13,039	25,297	37,152	59,949	63,015
16. **Effective Interest Rate Spread (%)**	6.14	6.41	6.85	6.80	6.96	6.68	6.88	6.92	7.28	7.20	7.12
					(Ratios To Average Assets)						
Interest Margin	5.46	5.41	5.42	5.24	5.32	5.27	5.40	5.21	5.35	5.56	5.63
Commission & Forex Income	0.24	0.24	0.22	0.14	0.26	0.26	0.27	0.23	0.45	0.22	0.28
Gross Earnings Margin	5.71	5.65	5.64	5.39	5.58	5.53	5.67	5.44	5.81	5.78	5.91
Operating Costs	3.15	3.15	3.68	3.72	8.39	3.67	3.79	3.61	3.68	3.30	3.41
Net Earnings Margin	2.56	2.50	1.96	1.67	(2.81)	1.86	1.88	1.84	2.12	2.48	2.50
Net Income/Loss	2.38	1.53	1.43	1.36	(8.04)	1.49	0.53	1.04	1.48	2.40	2.53

***Commercial Banks and OLFIs with domestic operations**

Source: The Central Bank of The Bahamas

TABLE 6
MONEY SUPPLY

(B$ Millions)

End of Period	2011	2012	2013	2014		2015				2016
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
Money Supply (M1)	1,434.8	1,574.9	1,641.2	1,768.8	1,995.7	2,054.5	2,109.9	2,087.3	2,071.2	2,143.1
1) Currency in active circulation	196.9	216.5	214.4	221.6	232.8	232.9	232.3	225.8	246.6	246.9
2) Demand deposits	1,237.9	1,358.4	1,426.8	1,547.2	1,762.9	1,821.5	1,877.6	1,861.5	1,824.7	1,896.1
Central Bank	7.2	14.8	11.7	22.1	26.0	14.5	17.6	20.8	17.3	13.6
Domestic Banks	1,230.8	1,343.6	1,415.1	1,525.1	1,736.9	1,807.0	1,860.0	1,840.8	1,807.3	1,882.6
Factors affecting money (M1)										
1) Net credit to Government	1,441.9	1,594.8	1,946.6	2,080.0	2,024.0	2,017.7	2,007.6	2,172.6	2,198.0	2,153.5
Central Bank	291.9	397.3	493.1	485.0	523.4	458.7	402.7	436.0	493.7	490.1
Domestic banks	1,150.0	1,197.5	1,453.5	1,595.0	1,500.5	1,559.0	1,604.9	1,736.6	1,704.4	1,663.5
2) Other credit	7,101.6	7,096.6	7,010.5	6,945.1	6,846.5	6,823.3	6,801.3	6,815.0	6,768.1	6,749.5
Rest of public sector	454.9	468.2	459.4	426.8	479.7	494.5	493.3	500.9	468.4	463.5
Private sector	6,646.6	6,628.4	6,551.1	6,518.2	6,366.9	6,328.8	6,308.0	6,314.1	6,299.7	6,285.9
3) External reserves	884.9	810.2	741.6	802.6	787.7	829.1	953.1	826.8	811.9	994.9
4) Other external liabilities (net)	(603.2)	(600.9)	(694.9)	(625.4)	(501.2)	(464.6)	(471.1)	(525.8)	(531.7)	(512.4)
5) Quasi money	4,875.6	4,728.8	4,676.0	4,671.2	4,394.3	4,397.0	4,360.2	4,365.8	4,302.6	4,355.8
6) Other items (net)	(2,514.6)	(2,596.7)	(2,686.5)	(2,762.0)	(2,766.8)	(2,753.9)	(2,820.8)	(2,835.2)	(2,872.4)	(2,886.6)

Source: The Central Bank of The Bahamas

TABLE 7
CONSUMER INSTALMENT CREDIT*

(B$' 000)

End of Period	2011	2012	2013	2014				2015				2016
				Mar.	Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
CREDIT OUTSTANDING												
Private cars	171,751	177,527	175,407	175,618	184,005	183,693	186,731	187,847	189,599	186,637	181,447	177,367
Taxis & rented cars	910	1,081	1,077	1,029	948	871	853	987	1,057	1,028	1,026	947
Commercial vehicles	2,510	2,241	2,334	2,263	2,232	2,108	1,958	1,971	1,802	1,510	1,498	1,381
Furnishings & domestic appliances	11,126	12,010	7,919	7,621	7,282	7,585	7,911	7,370	7,371	8,013	8,081	7,833
Travel	25,221	29,492	33,011	30,508	29,495	32,239	30,033	27,644	28,771	36,466	36,836	36,170
Education	35,750	34,544	33,858	34,254	33,559	37,728	36,571	36,896	36,153	42,085	41,117	40,343
Medical	14,409	11,363	12,010	11,762	11,713	11,805	11,744	12,244	12,549	12,824	12,471	13,294
Home Improvements	126,543	127,537	123,943	126,057	133,933	131,254	131,723	132,323	131,388	125,149	114,265	111,294
Land Purchases	239,790	232,752	225,065	225,769	223,398	223,304	216,760	211,941	206,235	199,086	193,163	187,987
Consolidation of debt	820,135	781,693	802,727	802,659	797,630	782,466	777,804	861,318	842,827	834,249	802,034	805,547
Miscellaneous	464,052	501,225	563,322	557,983	573,570	602,618	625,074	539,640	575,906	610,830	640,154	649,073
Credit Cards	251,924	243,745	241,241	235,484	237,222	241,343	245,254	237,493	237,607	242,465	249,164	243,919
TOTAL	2,164,121	2,155,210	2,221,914	2,211,007	2,234,987	2,257,014	2,272,416	2,257,674	2,271,265	2,300,342	2,281,256	2,275,155
NET CREDIT EXTENDED												
Private cars	(13,293)	5,776	(2,120)	211	8,387	(312)	3,038	1,116	1,752	(2,962)	(5,190)	(4,080)
Taxis & rented cars	(75)	171	(4)	(48)	(81)	(77)	(18)	134	70	(29)	(2)	(79)
Commercial vehicles	(843)	(269)	93	(71)	(31)	(124)	(150)	13	(169)	(292)	(12)	(117)
Furnishings & domestic appliances	(4,000)	884	(4,091)	(298)	(339)	303	326	(541)	1	642	68	(248)
Travel	(1,243)	4,271	3,519	(2,503)	(1,013)	2,744	(2,206)	(2,389)	1,127	7,695	370	(666)
Education	(15,125)	(1,206)	(686)	396	(695)	4,169	(1,157)	325	(743)	5,932	(968)	(774)
Medical	(1,990)	(3,046)	647	(248)	(49)	92	(61)	500	305	275	(353)	823
Home Improvements	(3,317)	994	(3,594)	2,114	7,876	(2,679)	469	600	(935)	(6,239)	(10,884)	(2,971)
Land Purchases	(601)	(7,038)	(7,687)	704	(2,371)	(94)	(6,544)	(4,819)	(5,706)	(7,149)	(5,923)	(5,176)
Consolidation of debt	105,519	(38,442)	21,034	(68)	(5,029)	(15,164)	(4,662)	83,514	(18,491)	(8,578)	(32,215)	3,513
Miscellaneous	(30,909)	37,173	62,097	(5,339)	15,587	29,048	22,456	(85,434)	36,266	34,924	29,324	8,919
Credit Cards	(10,947)	(8,179)	(2,504)	(5,757)	1,738	4,121	3,911	(7,761)	114	4,858	6,699	(5,245)
TOTAL	23,176	(8,911)	66,704	(10,907)	23,980	22,027	15,402	(14,742)	13,591	29,077	(19,086)	(6,101)

Source: The Central Bank of The Bahamas

* Includes both demand and add-on loans

TABLE 8

SELECTED AVERAGE INTEREST RATES

(%)

Period	2013	2014	2015	2014				2015				2016
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
DOMESTIC BANKS												
Deposit rates												
Savings deposits	0.97	0.89	0.83	1.06	0.88	0.76	0.86	0.96	0.82	0.83	0.72	0.80
Fixed deposits												
Up to 3 months	1.36	1.16	1.14	1.19	1.27	1.19	0.99	1.07	1.20	1.17	1.10	1.05
Up to 6 months	1.35	1.23	1.09	1.46	1.22	1.26	0.96	1.02	1.03	1.09	1.20	1.05
Up to 12 months	2.15	1.76	1.71	1.98	1.84	1.70	1.50	1.90	1.71	1.69	1.53	1.87
Over 12 months	2.21	1.64	1.57	1.84	2.00	1.44	1.29	1.55	1.42	1.72	1.57	1.64
Weighted average rate	1.68	1.42	1.41	1.55	1.56	1.37	1.21	1.46	1.40	1.49	1.27	1.36
Lending rates												
Residential mortgages	7.27	7.16	6.48	7.24	7.38	7.07	6.94	6.89	6.45	6.36	6.20	6.32
Commercial mortgages	8.21	8.02	7.95	7.93	8.26	7.67	8.20	7.61	7.68	7.40	9.09	7.42
Consumer loans	13.65	13.90	14.26	13.76	13.60	14.22	14.03	14.05	14.08	14.43	14.49	13.65
Overdrafts	9.32	9.76	10.36	9.45	9.93	9.86	9.78	10.48	10.20	10.17	10.60	10.78
Weighted average rate	11.10	11.81	12.29	11.11	11.96	12.07	12.11	11.94	12.35	12.55	12.32	11.83
Other rates												
Prime rate	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Treasury bill (90 days)	0.30	0.53	0.68	0.45	0.60	0.49	0.59	0.58	0.69	0.68	0.76	1.03
Treasury bill re-discount rate	0.80	1.03	1.18	0.95	1.10	0.99	1.09	1.08	1.19	1.18	1.26	1.53
Bank rate (discount rate)	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50

Source: The Central Bank of The Bahamas

TABLE 9
SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS

(%)

Period	2011	2012	2013	2014 Qtr. III	2014 Qtr. IV	2015 Qtr. I	2015 Qtr. II	2015 Qtr. III	2015 Qtr. IV	2016 Qtr. I
Loan Portfolio										
Current Loans (as a % of total loans)	**81.1**	**80.3**	**78.4**	**78.5**	**79.7**	**80.9**	**81.2**	**81.5**	**80.9**	**81.1**
Arrears (% by loan type)										
Consumer	4.2	4.4	5.0	4.8	5.2	4.8	4.6	4.9	4.7	4.5
Mortgage	10.1	11.0	11.0	10.9	11.0	10.3	10.4	10.4	10.9	10.8
Commercial	4.5	4.3	5.5	5.7	4.1	4.0	3.8	3.2	3.5	3.6
Public	0.1	0.1	0.1	0.1	0.0	-	-	0.0	-	-
Total Arrears	**18.9**	**19.7**	**21.6**	**21.5**	**20.3**	**19.1**	**18.8**	**18.5**	**19.1**	**18.9**
Total B$ Loan Portfolio	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Loan Portfolio										
Current Loans (as a % of total loans)	**81.1**	**80.3**	**78.4**	**78.5**	**79.7**	**80.9**	**81.2**	**81.5**	**80.9**	**81.1**
Arrears (% by days outstanding)										
30 - 60 days	4.1	3.7	3.6	2.7	2.9	2.7	2.6	2.8	3.1	3.0
61 - 90 days	2.1	2.3	2.5	2.4	2.0	1.6	1.8	1.7	1.8	1.6
90 - 179 days	2.3	2.5	2.1	2.3	2.0	1.6	1.7	1.6	1.6	1.7
over 180 days	10.5	11.3	13.3	14.1	13.3	13.2	12.7	12.4	12.6	12.6
Total Arrears	**18.9**	**19.7**	**21.6**	**21.5**	**20.3**	**19.1**	**18.8**	**18.5**	**19.1**	**18.9**
Total B$ Loan Portfolio	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Non Accrual Loans (% by loan type)										
Consumer	20.3	20.5	21.5	21.0	23.6	23.6	22.8	23.3	22.2	21.7
Mortgage	54.8	57.0	50.7	48.8	53.8	54.0	55.7	56.0	57.4	56.3
Other Private	24.2	21.9	27.2	29.6	22.6	22.4	21.6	20.7	20.4	22.0
Public	0.7	0.6	0.6	0.6	-	-	-	0.0	-	-
Total Non Accrual Loans	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Provisions to Loan Portfolio										
Consumer	4.9	5.4	6.1	7.1	6.5	7.1	7.2	7.2	7.1	7.4
Mortgage	2.7	5.5	5.6	7.4	8.9	8.9	9.2	9.8	9.9	10.0
Other Private	10.6	8.3	7.9	14.3	11.4	9.8	10.0	9.8	10.2	10.6
Public	-	-	-	-	-	-	-	-	-	-
Total Provisions to Total Loans	4.7	5.9	6.0	8.0	7.9	7.9	8.1	8.3	8.3	8.6
Total Provisions to Non-performing Loans	36.6	42.7	39.0	48.9	51.2	53.2	55.9	59.3	58.5	60.0
Total Non-performing Loans to Total Loans	12.8	13.7	15.4	16.4	15.3	14.8	14.4	14.0	14.2	14.3

Source: The Central Bank of The Bahamas
Figures may not sum to total due to rounding.

TABLE 10
SUMMARY OF BANK LIQUIDITY

(B$ Millions)

Period	2011	2012	2013	2014		2015				2016
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
I. Statutory Reserves										
Required reserves	305.0	301.9	303.3	311.4	311.2	313.6	318.5	319.7	316.9	319.0
Average Till Cash	118.3	108.9	117.4	104.2	122.7	109.9	110.0	108.7	123.0	115.3
Average balance with central bank	557.3	515.8	593.3	675.9	676.6	688.6	696.2	639.4	598.7	782.8
Free cash reserves (period ended)	370.6	322.8	407.4	468.6	488.0	484.8	487.6	428.4	404.9	579.2
II. Liquid Assets (period)										
A. Minimum Required Liquid Assets	968.7	971.1	988.3	1,009.2	1,025.5	1,038.1	1,052.2	1,054.8	1,044.6	1,078.4
B. Net Eligible Liquid Assets	1,865.1	1,938.2	2,126.1	2,163.0	2,182.2	2,250.3	2,367.9	2,389.8	2,361.6	2,547.7
i) Balance with Central Bank	560.1	563.3	513.6	629.9	606.7	617.4	682.3	596.2	587.5	792.6
ii) Notes and Coins	127.4	127.9	138.6	106.1	143.0	113.0	110.3	109.0	142.9	114.4
iii) Treasury Bills	275.4	219.3	392.4	452.5	454.5	502.5	556.3	699.6	662.6	680.0
iv) Government registered stocks	843.7	957.6	962.2	899.0	907.0	923.4	940.0	922.4	895.4	892.3
v) Specified assets	55.2	56.9	56.6	56.1	56.0	55.9	55.9	55.7	55.6	55.6
vi) Net Inter-bank dem/call deposits	3.3	13.2	62.7	19.3	15.1	38.1	23.1	6.9	17.4	12.8
vii) Less: borrowings from central bank	-	-	-	-	-	-	-	-	-	-
C. Surplus/(Deficit)	896.4	967.1	1,137.7	1,153.8	1,156.8	1,212.2	1,315.8	1,334.9	1,316.9	1,469.3

Source: The Central Bank of The Bahamas
Figures may not sum to total due to rounding.

TABLE 11
GOVERNMENT OPERATIONS AND FINANCING

(B$ Millions)

Period	2013/14p	2014/15p	Budget		2014/15p				2015/16p		
			2014/15	2015/16	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III
Total Revenue & Grants	1,450.8	1,701.5	1,763.3	2,039.8	316.5	369.5	488.5	527.1	437.6	458.6	488.3
Current expenditure	1,596.8	1,711.3	1,714.4	1,935.7	388.0	424.0	413.0	486.3	460.5	489.6	513.3
Capital expenditure	252.4	280.3	273.3	243.2	60.3	33.5	46.6	139.8	39.7	49.7	49.0
Net lending	81.7	92.0	59.1	(0.1)	20.1	20.3	20.3	31.4	(0.0)	2.4	0.8
Overall balance	**(480.0)**	**(382.0)**	**(283.5)**	**(139.1)**	**(151.9)**	**(108.3)**	**8.6**	**(130.4)**	**(62.5)**	**(83.1)**	**(74.9)**
FINANCING (I+II-III+IV+V)	480.0	382.0	283.5	139.1	151.9	108.3	(8.6)	130.4	62.5	83.1	74.9
I. Foreign currency borrowing	**633.2**	**145.9**	**103.5**	**103.6**	**0.4**	**113.2**	**13.9**	**18.5**	**28.2**	**95.4**	**127.7**
External	442.2	145.9	103.5	103.6	0.4	113.2	13.9	18.5	14.9	72.1	114.3
Domestic	191.0	-	-	-	-	-	-	-	13.3	23.4	13.4
II. Bahamian dollar borrowing	**340.0**	**580.0**	**343.2**	**182.4**	**239.0**	**216.0**	**70.0**	**55.0**	**222.8**	**124.6**	**36.2**
i)Treasury bills	81.0	30.0	-	-	30.0	-	-	-	212.8	47.3	26.2
ii)Long-term securities	115.0	275.0	-	-	-	150.0	70.0	55.0	10.0	77.3	-
iii)Loans and Advances	144.0	275.0	-	-	209.0	66.0	-	-	-	-	10.0
III. Debt repayment	**505.7**	**221.4**	**157.8**	**145.7**	**51.5**	**71.5**	**82.2**	**16.2**	**104.5**	**76.8**	**35.3**
Domestic	491.8	206.0	141.0	125.0	50.0	66.0	80.0	10.0	97.9	70.0	26.2
Bahamian dollars	366.8	140.0	75.0	125.0	50.0	-	80.0	10.0	97.9	70.0	26.2
Internal foreign currency	125.0	66.0	66.0	-	-	66.0	-	-	-	-	-
External	13.9	15.4	16.8	20.7	1.5	5.5	2.2	6.2	6.6	6.8	9.1
IV.Net Sale of Shares & Other Equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
V.Cash balance change	**(50.8)**	**(76.8)**	**-**	**-**	**18.5**	**(74.8)**	**9.3**	**(29.9)**	**2.0**	**(22.0)**	**(49.4)**
VI.Other Financing	**63.2**	**(45.7)**	**(5.4)**	**(1.3)**	**(54.4)**	**(74.6)**	**(19.6)**	**103.0**	**(85.9)**	**(38.2)**	**(4.4)**

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

TABLE 12
NATIONAL DEBT

(B$ '000s)

Period	2011	2012	2013	2014 Sept.	2014 Dec.	2015 Mar.	2015 Jun.	2015 Sept.	2015 Dec.	2016 Mar.
TOTAL EXTERNAL DEBT	800,415	1,042,746	1,190,109	1,488,341	1,566,944	1,578,685	1,590,983	1,599,253	1,634,874	1,740,158
By Instrument										
Government Securities	600,000	600,000	600,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Loans	200,415	442,746	590,109	588,341	666,944	678,685	690,983	699,253	734,874	840,158
By Holder										
Commercial Banks	-	-	-	-	-	-	-	-	-	-
Offshore Financial Institutions	-	-	-	-	-	-	-	-	-	-
Multilateral Institutions	171,974	216,684	239,927	234,940	237,002	234,323	228,162	227,875	221,360	220,111
Bilateral Institutions	28,441	46,062	67,103	70,322	70,732	70,561	70,561	70,263	68,371	67,511
Private Capital Markets	600,000	600,000	600,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Other Financial Institutions	-	180,000	283,079	283,079	359,210	373,801	392,260	401,115	445,143	552,536
TOTAL INTERNAL DEBT	3,006,080	3,357,317	3,795,658	3,859,658	4,009,658	3,999,658	4,044,658	4,182,841	4,263,352	4,286,769
By Instrument										
Foreign Currency	-	-	125,000	66,000	-	-	-	13,250	36,615	50,000
Government Securities	-	-	-	-	-	-	-	-	-	-
Loans	-	-	125,000	66,000	-	-	-	13,250	36,615	50,000
Bahamian Dollars	3,006,080	3,357,317	3,670,658	3,793,658	4,009,658	3,999,658	4,044,658	4,169,591	4,226,737	4,236,769
Advances	110,588	105,657	134,657	134,657	134,657	134,657	134,657	134,657	134,657	134,657
Treasury Bills	301,609	349,142	579,282	579,282	579,282	579,282	579,282	769,215	816,513	841,470
Government Securities	2,593,637	2,872,273	2,956,473	2,875,473	3,025,473	3,040,473	3,085,473	3,065,473	3,072,783	3,057,783
Loans	246	30,246	246	204,246	270,246	245,246	245,246	200,246	202,784	202,859
By Holder										
Foreign Currency	-	-	125,000	66,000	-	-	-	13,250	36,615	50,000
Commercial Banks	-	-	125,000	66,000	-	-	-	13,250	36,615	50,000
Other Local Financial Institutions	-	-	-	-	-	-	-	-	-	-
Bahamian Dollars	3,006,080	3,357,317	3,670,658	3,793,658	4,009,658	3,999,658	4,044,658	4,169,591	4,226,737	4,236,769
The Central Bank	292,802	404,992	542,419	501,574	567,399	481,154	424,900	452,711	519,533	507,299
Commercial Banks	1,118,286	1,187,797	1,345,740	1,505,759	1,585,768	1,619,069	1,680,410	1,770,711	1,708,532	1,726,222
Other Local Financial Institutions	9,357	9,357	9,357	6,885	10,217	12,174	21,084	11,402	26,395	9,857
Public Corporations	684,963	730,169	684,911	665,276	665,267	661,167	655,034	650,269	650,289	637,790
Other	900,672	1,025,002	1,088,231	1,114,164	1,181,007	1,226,094	1,263,230	1,284,498	1,321,988	1,355,601
TOTAL FOREIGN CURRENCY DEBT	800,415	1,042,746	1,315,109	1,554,341	1,566,944	1,578,685	1,590,983	1,612,503	1,671,489	1,790,158
TOTAL DIRECT CHARGE	3,806,495	4,400,063	4,985,767	5,347,999	5,576,602	5,578,343	5,635,641	5,782,094	5,898,226	6,026,927
TOTAL CONTINGENT LIABILITIES	561,704	606,651	604,385	654,424	702,454	719,962	726,890	729,333	755,183	751,287
TOTAL NATIONAL DEBT	4,368,199	5,006,715	5,590,152	6,002,423	6,279,056	6,298,305	6,362,531	6,511,427	6,653,409	6,778,214

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

(B$ '000s)

Period	2011	2012	2013	2014		2015				2016
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
Outstanding Debt at Beginning of Period	1,375,029	1,461,911	1,894,039	2,379,690	2,387,814	2,447,407	2,475,640	2,489,684	2,515,809	2,568,341
Government	798,837	800,415	1,042,746	1,555,513	1,554,341	1,566,944	1,578,685	1,590,983	1,612,503	1,671,489
Public Corporations	576,192	661,496	851,293	824,177	833,473	880,463	896,955	898,701	903,306	896,852
Plus: New Drawings	244,312	537,015	309,225	18,515	377,407	35,002	28,908	36,490	101,168	130,651
Government	79,519	253,131	282,868	356	113,173	13,912	18,479	28,151	95,417	127,734
Public corporations	164,793	283,884	26,357	18,159	264,234	21,090	10,429	8,339	5,751	2,917
Less: Amortization	174,537	105,438	66,970	10,391	288,781	6,769	14,864	10,365	19,025	20,581
Government	78,861	11,351	13,724	1,528	71,537	2,171	6,181	6,631	6,820	9,065
Public corporations	95,676	94,087	53,246	8,863	217,244	4,598	8,683	3,734	12,205	11,516
Other Changes in Debt Stock	17,107	551	3,219	-	(29,033)	-	-	-	(29,611)	-
Government	920	551	3,219	-	(29,033)	-	-	-	(29,611)	-
Public corporations	16,187	-	-	-	-	-	-	-	-	-
Outstanding Debt at End of Period	1,461,911	1,894,039	2,139,513	2,387,814	2,447,407	2,475,640	2,489,684	2,515,809	2,568,341	2,678,411
Government	800,415	1,042,746	1,315,109	1,554,341	1,566,944	1,578,685	1,590,983	1,612,503	1,671,489	1,790,158
Public corporations	661,496	851,293	824,404	833,473	880,463	896,955	898,701	903,306	896,852	888,253
Interest Charges	73,800	98,493	109,931	26,405	39,620	29,767	35,879	26,273	41,220	27,926
Government	48,002	51,052	57,758	15,281	25,517	17,835	21,495	14,125	26,530	15,038
Public corporations	25,798	47,441	52,173	11,124	14,103	11,932	14,384	12,148	14,690	12,888
Debt Service	248,337	203,931	176,901	36,796	328,401	36,536	50,743	36,638	60,245	48,507
Government	126,863	62,403	71,482	16,809	97,054	20,006	27,676	20,756	33,350	24,103
Public corporations	121,474	141,528	105,419	19,987	231,347	16,530	23,067	15,882	26,895	24,404
Debt Service ratio	7.5	5.5	4.9	4.2	43.4	4.2	5.3	4.9	8.5	5.7
Government debt Service/ Government revenue (%)	8.1	4.5	5.3	5.3	26.3	4.1	5.3	4.7	7.2	4.9
MEMORANDUM										
Holder distribution (B$ Mil):										
Commercial banks	407.6	365.8	341.4	388.1	276.8	292.3	288.9	305.7	319.9	314.2
Offshore Financial Institutions	-	-	-	-	-	-	-	-	-	-
Multilateral Institutions	149.1	200.7	246.4	278.8	288.7	285.6	286.5	286.0	281.8	280.3
Bilateral Institutions	22.2	47.8	49.6	70.3	70.7	70.6	70.6	70.3	68.4	67.5
Other	212.2	270.6	665.0	750.6	911.2	927.1	943.7	953.8	998.2	1,101.4
Private Capital Markets	600.0	600.0	600.0	900.0	900.0	900.0	900.0	900.0	900.0	900.0

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

TABLE 14
BALANCE OF PAYMENTS SUMMARY*

(B$ Millions)

Period	2013	2014	2015	2014 Qtr. III	2014 Qtr. IV	2015 Qtr. I	2015 Qtr. II	2015 Qtr. III	2015 Qtr. IV	2016 Qtr. I
A. Current Account Balance (I+II+III+IV)	**(1,493.9)**	**(1,928.0)**	**(1,409.1)**	**(536.0)**	**(681.8)**	**(444.6)**	**(295.0)**	**(237.6)**	**(431.9)**	**(83.3)**
I. Merchandise (Net)	**(2,211.0)**	**(2,481.7)**	**(2,425.7)**	**(581.8)**	**(712.6)**	**(667.4)**	**(668.7)**	**(529.6)**	**(560.0)**	**(459.8)**
Exports	954.9	833.9	526.7	210.6	197.7	125.3	155.8	124.7	120.9	92.7
Imports	3,165.9	3,315.6	2,952.4	792.5	910.3	792.6	824.6	654.4	680.9	552.5
II. Services (Net)	**1,042.9**	**991.8**	**1,465.6**	**151.5**	**152.8**	**370.5**	**499.0**	**348.0**	**248.1**	**473.7**
Transportation	(244.8)	(285.4)	(253.6)	(75.0)	(75.3)	(60.1)	(68.3)	(59.7)	(65.5)	(56.4)
Travel	2,022.2	2,096.7	2,140.5	452.3	447.1	613.4	649.1	454.7	423.3	622.1
Insurance Services	(158.0)	(143.5)	(141.4)	(42.7)	(27.2)	(30.5)	(37.4)	(39.7)	(33.8)	(30.8)
Offshore Companies Local Expenses	180.2	200.9	165.7	68.6	45.3	22.5	57.0	46.8	39.4	35.2
Other Government	27.6	33.0	31.5	9.1	7.1	8.3	7.8	9.3	6.1	7.9
Other Services	(784.3)	(910.0)	(477.1)	(260.8)	(244.1)	(183.1)	(109.1)	(63.4)	(121.5)	(104.4)
III. Income (Net)	**(329.1)**	**(438.1)**	**(402.5)**	**(95.4)**	**(134.8)**	**(142.2)**	**(115.4)**	**(53.4)**	**(91.6)**	**(68.5)**
1. Compensation of Employees	(35.8)	(64.4)	(66.5)	(16.9)	(15.0)	(20.5)	(11.9)	(15.2)	(18.9)	(10.4)
2. Investment Income	(293.3)	(373.8)	(336.0)	(78.4)	(119.8)	(121.7)	(103.5)	(38.2)	(72.7)	(58.1)
IV. Current Transfers (Net)	**3.3**	**0.0**	**(46.4)**	**(10.4)**	**12.8**	**(5.4)**	**(9.9)**	**(2.7)**	**(28.5)**	**(28.7)**
1. General Government	122.5	118.3	130.0	30.5	29.9	41.1	33.2	28.9	26.7	29.6
2. Private Sector	(119.3)	(118.3)	(176.4)	(40.8)	(17.1)	(46.5)	(43.1)	(31.6)	(55.2)	(58.3)
B. Capital and Financial Account (I+II) (excl. Reserves)	**995.9**	**1,500.6**	**351.3**	**246.4**	**443.9**	**116.8**	**56.6**	**81.0**	**96.8**	**13.9**
I. Capital Account (Net Transfers)	**(9.6)**	**(8.9)**	**(18.9)**	**(3.5)**	**(0.8)**	**(7.4)**	**(1.6)**	**(3.5)**	**(6.4)**	**(4.3)**
II. Financial Account (Net)	**1,005.5**	**1,509.4**	**370.2**	**249.9**	**444.7**	**124.2**	**58.2**	**84.5**	**103.2**	**18.2**
1. Direct Investment	382.3	251.3	76.1	38.4	(0.7)	9.7	43.6	9.9	13.0	(0.9)
2. Portfolio Investment	(34.0)	(26.9)	(12.4)	(8.1)	(5.2)	(4.2)	(3.4)	(3.1)	(1.8)	(4.2)
3. Other Investments	657.3	1,285.0	306.5	219.6	450.6	118.7	18.0	77.7	92.0	23.3
Central Gov't Long Term Capital	139.7	406.0	97.6	(1.2)	107.7	11.7	12.3	8.3	65.2	103.7
Other Public Sector Capital	4.0	93.8	6.5	4.9	83.1	(0.2)	5.7	(0.3)	1.3	(2.6)
Banks	62.2	(161.9)	29.6	(17.2)	(124.3)	(33.4)	2.4	54.8	5.9	(19.3)
Other	451.4	947.2	172.8	233.2	384.0	140.6	(2.4)	15.0	19.6	(58.5)
C. Net Errors and Omissions	**429.4**	**473.5**	**1,082.1**	**75.4**	**223.0**	**369.1**	**362.4**	**30.3**	**320.3**	**252.4**
D. Overall Balance (A+B+C)	**(68.6)**	**46.0**	**24.3**	**(214.2)**	**(14.9)**	**41.4**	**124.0**	**(126.4)**	**(14.8)**	**183.0**
E. Financing (Net)	**68.6**	**(46.0)**	**(24.3)**	**214.2**	**14.9**	**(41.4)**	**(124.0)**	**126.4**	**14.8**	**(183.0)**
Change in SDR holdings	(30.1)	(19.9)	3.5	3.5	1.8	3.8	(1.4)	0.2	1.0	(1.2)
Change in Reserve Position with the IMF	0.0	0.6	0.4	0.4	0.2	0.4	(0.2)	0.0	0.1	(18.5)
Change in Ext. Foreign Assets ( ) = Increase	98.7	(26.7)	(28.1)	210.4	12.8	(45.6)	(122.4)	126.2	13.7	(163.3)

Source: The Central Bank of the Bahamas
* Figures may not sum to total due to rounding

TABLE 15
EXTERNAL TRADE

(B$ '000s)

Period	2013	2014	2015	2014 Qtr. II	2014 Qtr. III	2014 Qtr. IV	2015 Qtr. I	2015 Qtr. II	2015 Qtr. III	2015 Qtr. IV
I. OIL TRADE										
i) Exports	237,808	165,337	70,350	48,123	32,626	34,070	22,530	27,073	12,511	8,236
ii) Imports	726,901	868,460	535,306	205,244	263,155	201,724	67,629	106,870	243,845	116,962
II. OTHER MERCHANDISE										
Domestic Exports										
Crawfish	19,902	-	-	-	-	-	-	-	-	-
Fish Conch & other Crustacea	3,079	-	-	-	-	-	-	-	-	-
Other cordials &Similar Materials/Sponge	157	-	-	-	-	-	-	-	-	-
Fruits & Vegs.	-	-	-	-	-	-	-	-	-	-
Aragonite	805	-	-	-	-	-	-	-	-	-
Other Natural Sands	70	-	-	-	-	-	-	-	-	-
Rum/Beverages/Spirits & Vinegar	-	-	-	-	-	-	-	-	-	-
Crude Salt	9,084	-	-	-	-	-	-	-	-	-
Polystrene Products	85,288	-	-	-	-	-	-	-	-	-
Other	33,436	-	-	-	-	-	-	-	-	-
i) Total Domestic Exports	364,424	353,216	230,074	74,368	90,826	97,863	57,503	44,702	58,931	68,938
ii) Re-Exports	209,479	170,627	148,616	53,070	48,970	36,224	27,116	68,078	24,518	28,904
iii) Total Exports (i+ii)	573,902	523,843	378,690	127,438	139,796	134,087	84,619	112,780	83,449	97,842
iv) Imports	2,639,003	2,921,525	2,626,736	692,436	756,416	818,691	674,050	694,289	575,844	682,553
v) Retained Imports (iv-ii)	2,429,524	2,750,898	2,478,120	639,366	707,446	782,467	646,934	626,211	551,326	653,649
vi) Trade Balance (i-v)	(2,065,100)	(2,397,682)	(2,248,046)	(564,999)	(616,619)	(684,604)	(589,431)	(581,509)	(492,395)	(584,711)

Source: Department of Statistics Quarterly Statistical Summaries

TABLE 16
SELECTED TOURISM STATISTICS

Period	2013	2014	2015	2014			2015			
				Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
Visitor Arrivals	6,150,784	6,320,188	6,114,337	1,556,373	1,385,359	1,619,786	1,772,202	1,506,445	1,334,600	1,501,090
Air	1,280,736	1,343,093	1,391,782	379,667	318,083	300,005	375,962	385,016	330,722	300,082
Sea	4,870,048	4,977,095	4,722,555	1,176,706	1,067,276	1,319,781	1,396,240	1,121,429	1,003,878	1,201,008
Visitor Type										
Stopover	1,363,496	1,305,402	1,471,808	399,280	343,485	301,826	391,033	418,156	365,014	297,605
Cruise	4,709,236	4,804,701	4,513,456	1,119,334	1,014,353	1,293,971	1,358,623	1,051,437	939,688	1,163,708
Day/Transit	-	-	-	-	-	-	-	-	-	-
Tourist Expenditure(B$ 000's)	2,285	-	-	-	-	-	-	-	-	-
Stopover	1,884	-	-	-	-	-	-	-	-	-
Cruise	398	-	-	-	-	-	-	-	-	-
Day	3	-	-	-	-	-	-	-	-	-
Number of Hotel Nights	-	-	-	-	-	-	-	-	-	-
Average Length of Stay	-	-	-	-	-	-	-	-	-	-
Average Hotel Occupancy Rates (%)										
New Providence	58.1	60.6	-	66.4	39.3	58.1	-	-	-	-
Grand Bahama	42.1	48.1	-	51.5	39.3	40.8	-	-	-	-
Other Family Islands	39.8	42.8	-	45.1	26.2	41.6	-	-	-	-
Average Nightly Room Rates ($)										
New Providence	226.7	230.6	-	217.9	143.1	292.9	-	-	-	-
Grand Bahama	82.9	100.3	-	69.8	143.1	60.2	-	-	-	-
Other Family Islands	161.5	202.3	-	172.9	184.1	225.3	-	-	-	-

Source: The Ministry of Tourism: Average Hotel Occupancy and Nightly Room Rates were amended for Quarter II, 2014

GROSS ECONOMIC CONTRIBUTION OF THE FINANCIAL SECTOR IN THE BAHAMAS (2015)

INTRODUCTION

The Central Bank of The Bahamas' 2015 financial sector survey, provides a detailed assessment of the sector's contribution to the economy. With value added estimated at approximately 10% - 15% of the gross domestic product (GDP), the financial services industry employs the largest segment of highly skilled workers, and has both direct and indirect effects on income and expenditure in other sectors, such as, construction, tourism and professional services. Preliminary evidence from the 2015 survey suggests that banks and trust companies' expenditure contribution to the economy rose at a mild pace in 2015, although operations and consequently employment remained in a retrenchment mode. The non-bank financial sector—inclusive of insurance companies, credit unions, mutual funds administrators and financial and corporate service providers—sustained a more broad-based positive growth trajectory.

THE BANKING SECTOR

Banking accounts for the largest share of the financial services industry in The Bahamas and is the main channel through which savings are allocated for both private and public investments. Both domestic and international banking institutions faced challenges to their business operations during the year. With regard to the former, domestic banks continued to operate in an environment of weak credit demand and high levels of loan arrears. The domestic sector, however, recorded a net profit in 2015, a reversal from a net loss suffered in the previous period, when several significant asset write-downs occurred. Similarly, the international financial sector sustained its efforts to adapt to new global regulatory standards, aimed at promoting tax transparency and combatting money laundering and terrorist financing activities. In this environment, firms continued to focus on their core wealth management operations, while simultaneously seeking to reduce expenditures and streamline operations.

One development which has impacted both domestic and international banking operations in recent years is the issue of de-risking[2], which has placed significant stress on these institutions' ability to establish correspondent banking relationships. A survey conducted by the Central Bank during the first half of 2015 showed that at that time, the impact was already being felt as two commercial banks, and at least four international banks had to establish replacement correspondent relationships. Several other licensees indicated that they were experiencing increased scrutiny with regard to certain types of US dollar transactions. No single driver exists for this phenomenon, although one of the main factors is the perception of anti-money-laundering and combating the financing of terrorism risks, given the heightened, punitive enforcement regime among advanced country regulators—with the United States' centered enforcement being most notable for The Bahamas and US dollar settlements. Compliance costs associated with heightened capital and liquidity requirements have also converged with the low global interest rate environment, to make the highly short-term deposits lodged with correspondent banks less profitable.

[2] De-risking is the purposeful termination of financial relationships with groups of customers or lines of business considered high risk under Bank Secrecy Act/Anti-Money Laundering (BSA/AML) risk.

Other extensive drivers of de-risking have been documented in surveys such as one conducted by the World Bank[3], to which several Bahamian licensees contributed.

During the year, the total number of banks and trust companies licensed to operate in The Bahamas decreased by 5 to 249, following a loss of 13 in 2014. This was primarily attributed to public banks and trust companies, which fell by 6 to 95, while the number of restricted trust and nominee trust licensees, increased by 1 to 147. The number of non-active licenses held steady at 7. At end-December, public licenses comprised 61 Bahamian incorporated entities, 18 euro-currency divisions of foreign banks and trust companies and 16 authorized agents.

Domestic banks also straddled the international sector, with comparatively much larger balance sheets. However, it is the retail, labour intensive local operations that generate most of the economic expenditures. A further breakdown of domestic banks showed that 8 were authorised agents, which provided trust and wealth management services, which was limited to Bahamian dollar business. The remaining 8 were authorised dealers—7 of which were clearing banks.

Balance sheet retrenchment continued in both sectors. Although total assets of domestic banks grew mildly by 1.8% to $9.8 billion, the private sector credit portfolio continued to contract, given persistent lending risks summarized in above trend non-performing loan rates. Meanwhile, with "re-domiciling" activities the total assets of the international bank and trust sector fell by 6.4% to $180.5 billion, moderating the 22.1% decline recorded in 2014, when one institution transferred its treasury portfolio to its home jurisdiction. Similarly, due principally to the result of a reclassification exercise by reporting institutions, the value of fiduciary assets under management declined sharply by an estimated 64.5% to $79.2 billion, following an 8.2% fall in the prior year.

EMPLOYMENT

Preliminary data on employment by banks and trust companies, showed a reduction of 5.7% to 4,337 persons at end 2015, extending the 3.9% contraction recorded a year earlier, owing to acquisitions and mergers, as well as ongoing outsourcing activities. The number of Bahamian and non-Bahamian employees decreased by 5.7% (244) and 6.4% (18), to 4,074 and 263, respectively. Consequently, the respective proportions of Bahamians and non-Bahamians engaged in the sector stabilized at 93.9% and 6.1%. An estimated 66.3% of Bahamians were employed in local banking activities, while the remaining 33.6% worked in international banking, trust administration and related wealth management services.

EXPENDITURES

Total expenditure in the banking sector grew by 2.9% to $693.6 million in 2015, following a gain of 4.0% in the prior period. Total operational costs—comprising 95.3% of the overall spending—rose by 1.6% to $660.7 million, after a 3.4% advance in the prior year. Fees paid to the Government expanded by 23.6% to $64.0 million, although a sharp slowdown from the 56.9% recorded in 2014, when the Government raised license fees. Further, non-staff administrative costs grew by 1.6% to $293.5 million, compared with the previous year's increase of 5.7%. Conversely with the employment adjustment continuing, the salary bill—

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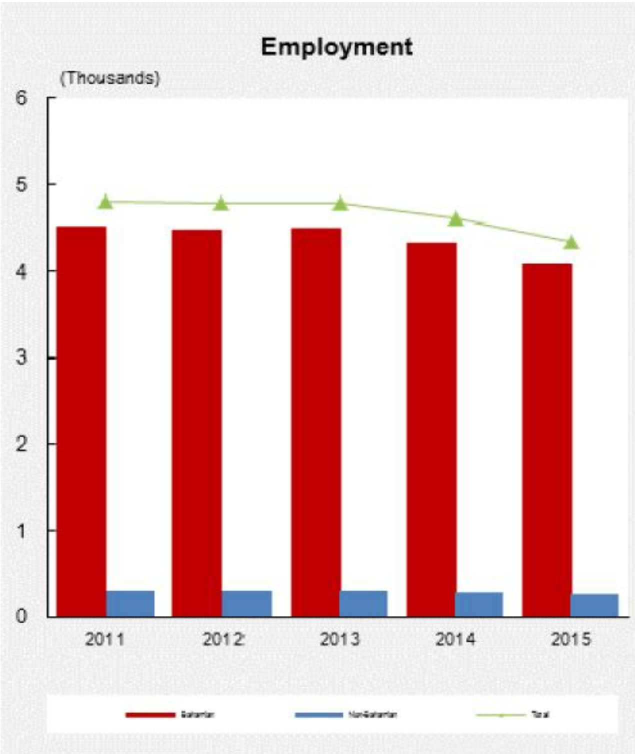
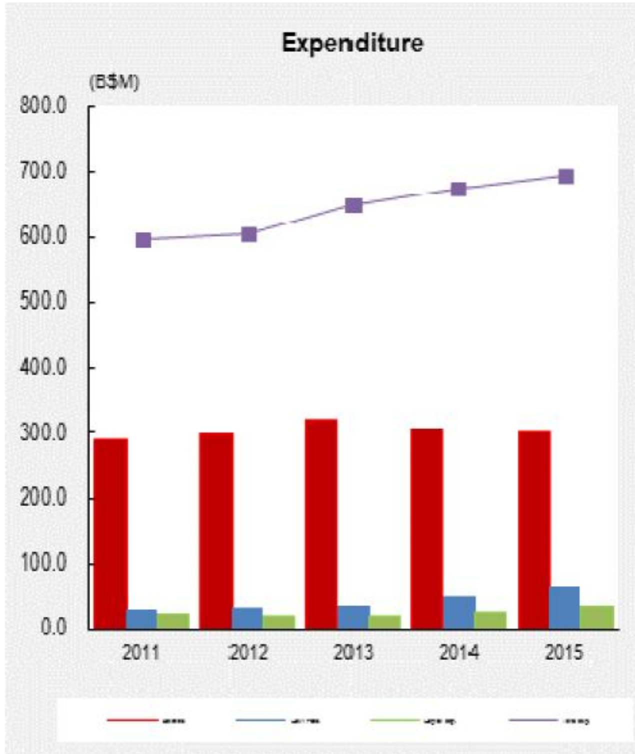
[3] World Bank. 2015. *Fact finding summary from de-risking surveys*. Washington, D.C.: World Bank Group: http://documents.worldbank.org/curated/en/2015/11/25481336/fact-finding-summary-de-risking-surveys

including bonuses—contracted by 1.9% to $301.0 million, after a 4.0% decline in the prior year, In addition, staff training expenses were reduced by 17.3% to $2.1 million, vis-à-vis an 8.2% expansion in the prior year.

In contrast, capital spending—inclusive of construction, renovation expenses and other fixed assets—advanced by 36.2% to $32.9 million; this surpassed the 20.6% growth in the prior year.





DOMESTIC VERSUS INTERNATIONAL BANKING

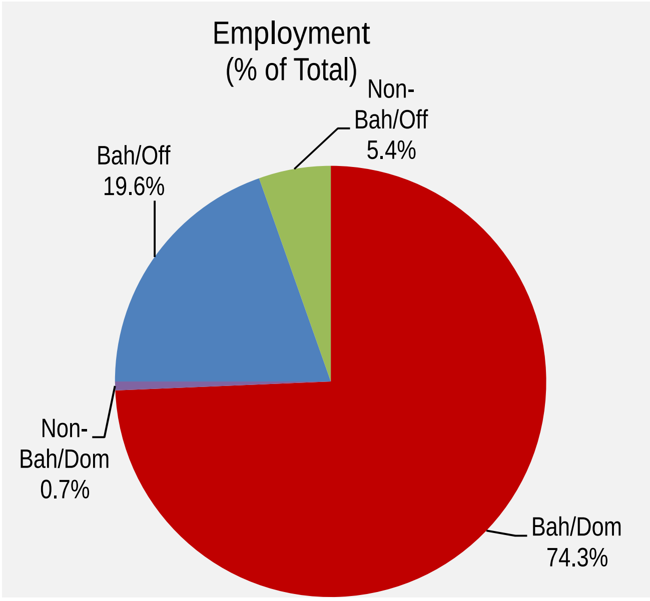
A disaggregated analysis of domestic and international banking operations provides a more comprehensive comparison between the retail banking focused functions of domestic banks and the more wealth management centered operations of the international banking sector.

EMPLOYMENT

As firms continued to streamline their operations through, *inter alia*, the use of technology and outsourcing arrangements, employment in domestic banks fell by 7.2% to 3,253 persons, extending the 4.4% falloff in the prior year. Similarly, adjustments in the number and size of the operations of firms in the international banking sector led to declines in the number of persons by 0.7% (8 persons) to 1,084, following a decrease of 2.3% recorded in the previous year.

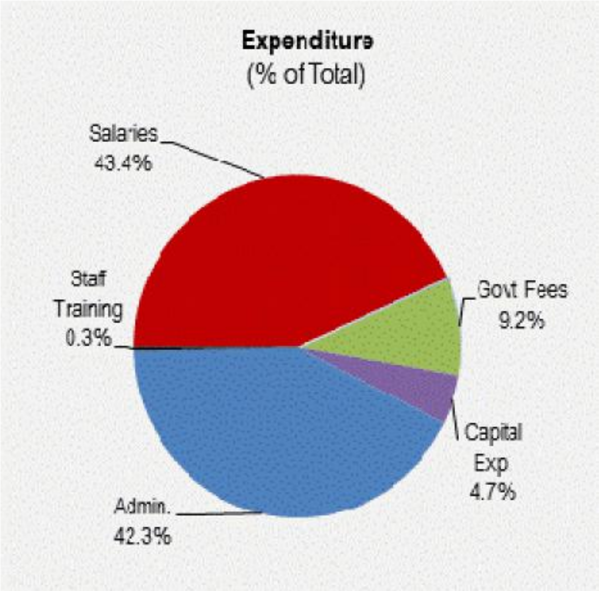
In terms of the composition of employment, the number of Bahamians working in domestic banks decreased by 244 persons (7.0%) to 3,224, exceeding the 4.3% loss registered in 2014. The number of non–Bahamians also contracted to 29 from 39 persons, extending the 9.3% reduction in the previous year. Given these developments, the ratio of Bahamian to non-Bahamian workers moved higher by approximately 111:1 from nearly 90:1 in 2014.

Trends in the international sector revealed that the number of Bahamians employed steadied at 850 persons vis-à-vis 2014, while the non-Bahamian component was reduced further by 8 (3.3%) to 234 persons; although, the ratio of Bahamians to non-Bahamians remained at 3.6:1 in 2015.



EXPENDITURES

Domestic banks and trusts companies' total expenditures grew by 4.4% to $442.4 million, exceeding the year earlier 3.2% expansion. In terms of the components, operational costs—at 95.3% of the total—rose by 4.3% to $421.6 million, surpassing the 2.4% gain recorded in the prior year. Underlying this outturn, Government's fee payments advanced by 25.9% to $51.3 million, although significantly lower than the almost two-fold increase in 2014, following the introduction of a 3.0% levy on banks' gross revenues. Further, non-staff administrative costs increased by 4.9% to $193.1 million, after the prior year's 2.6% growth. In contrast, salary payments declined by 1.3% to $176.0 million, reflecting a falloff in base pay that outstripped the higher bonus payments. That said, domestic banks raised staff training expenditures modestly to $1.2 million. Further, capital expenditure firmed by 6.2% to $20.8 million, extending a 23.2% expansion a year earlier.



In the international sector, aggregate expenditure was almost unchanged at $251.2 million, following a 5.3% gain in 2014. Operational outlays contracted by 2.7% to $239.1 million, reversing a 5.2% expansion in the prior year, with a 4.0% decrease in 'other' administrative costs to $100.5 million and a 2.8% reduction in salary compensation to $125.0 million. Meanwhile, staff training outlays contracted by $0.6 million to $0.9 million. Conversely, Government fee payments rose by 15.3% to $12.7 million, mainly concentrated in license fees. In addition, capital outlays advanced by nearly four-fold to $12.1 million, due mainly to higher renovation expenses.

OTHER FINANCIAL SECTOR ACTIVITIES

INSURANCE SECTOR

Initial indications are that activity in the insurance sector remained relatively positive in 2015, as provisional data from the Insurance Commission of The Bahamas showed that the number of licensed operations grew by 5 to 148, reflecting in part increases in the number of local insurance agencies & brokers and external insurers, by 4 and 2, to 86 and 23, respectively. Further, the number of foreign and locally owned entities steadied at 19 and 9, respectively.

Indications are that the total assets of domestic insurers rose by 6.5% to $1,768.8 million in 2015, explained by a 9.0% increase in the dominant life insurance component—at 74.2% of the total—which outstripped the slight 0.2% reduction in the non-life sector.

In terms of employment, preliminary data from the Central Bank's annual survey of insurance companies indicated that the total number of persons employed rose by an estimated 3.5% (47 persons) to 1,383 during the review period, owing primarily to growth in the dominant Bahamian segment—at 97.9% of the total—to 1,354 persons, while the total number of non-Bahamians steadied at 29 persons.

Total expenditures among insurers grew by 8.6% to an estimated $142.7 million. This was explained in part by a rise in capital spending by 34.7% to $7.6 million, as fixed asset acquisitions expanded. On the operations side, fees paid to the Government rose by 5.6% to $19.7 million, reflecting broad-based gains in several categories, offsetting the decrease in real property tax payments. Total salaries—excluding bonuses—were reduced by 2.2% ($1.1 million) to $47.4 million; however administrative costs—inclusive of rent, professional charges and advertising expenses—firmed by 41.8% to $47.2 million. Also of note, spending for public utility fees fell slightly by 0.6% to $4.6 million.

CREDIT UNIONS

Given their increasing importance, the Central Bank assumed regulatory oversight of for credit unions on June 1—inclusive of The Bahamas Cooperative League Limited.

Preliminary data compiled on credit union activity, showed that the sector continued to expand at a modest rate over the review year, as the total number of registered institutions—inclusive of the Credit Union League—rose by 2 to 9 companies in 2015. Similarly, the total assets of the sector increased by an estimated 6.6% to $370.6 million, vis-à-vis the previous year's gain of 6.1%. The value of loans outstanding—at 63.5% of total assets—firmed by 1.9% to $235.3 million, outpacing 2014's 1.7% expansion, with consumer credit and mortgages representing the largest shares, at 72.1% and 21.9%, respectively. In line with the growth in membership, total deposits firmed by 8.3% to $315.9 million, outpacing the previous year's 6.2% expansion. Most deposits represented members' savings (50.5%) and term deposits (42.8%).

The sector's reported expenses rose marginally by 1.2% to $10.5 million, attributed to increases in non-staff administrative costs by 8.7% to $4.3 million and in salary outlays, by 3.7% to $4.4 million. In addition, utility expenses advanced by 13.9% to $0.7 million. In contrast, capital expenditure declined by a third to $0.8 million, as both the renovation expenses and real estate acquisitions categories contracted.

In terms of employment, data compiled from the sector indicated that the number of workers grew further by 3 to 155 persons in 2015, vis-à-vis an increase of 7 persons in the previous year.

INVESTMENT FUNDS INDUSTRY

Provisional information from the Securities Commission of The Bahamas indicated that the total number of investment fund administrators—which provide the majority of the employment within the sector—rose by 5 to 67. Further, the number of funds under management increased by 54 to 858. Similarly, the number of active mutual funds under management, expanded by 22 (2.6%) to 863, reflecting an increase in SMART fund registrations by 31 (6.0%) to 544. In contrast, professional funds and recognised foreign funds, fell by 8 (3.2%) and 1 (2.2%) to 239 and 44, respectively, while standard funds remained unchanged at 36.

The Commission, in its role as inspector of Financial and Corporate Service Providers, registered 41 new funds during the review period and liquidated approximately 17 non-Bahamas based funds.

OTHER FINANCIAL SECTOR DEVELOPMENTS

During 2015, domestic initiatives in the financial sector focused on strengthening the prudential regulatory and supervisory environment, in keeping with international requirements in the area of capital adequacy and risk mitigation. In this regard, the Central Bank, as part of the second phase of its Basel II and III implementation programme, conducted a Quantitative Impact Study (QIS), which attempted to assess the impact of the new requirements on licensees' capital[4]. The results of the QIS reveal that capital levels remain robust and are not materially diminished as a result of the revised standards.

Over the year, the Banks and Trust Companies Regulation Act was amended to include a new monetary penalties regime for late and erroneous filing, in order to strengthen the timeliness and quality of the data which is reported to the Bank by its licensees. Amendments were made to the drafts of the Credit Reporting Bill and the Credit Reporting Regulations, following a period of public consultation.

New regulatory initiatives were also implemented by the Securities Commission and the Insurance Commission in the areas of Anti-money laundering and Combating the Financing of Terrorism (AML/CFT). The two regulators also sustained their efforts to improve data collection, compilation and analysis, a key part of which involves the development of separate online reporting systems using a common platform.

CONCLUSION AND OUTLOOK

The survey of activities in the financial sector indicated that the industry's mildly positive growth trajectory was maintained over the review period, with gains in the non-bank sector also embracing employment growth. However, both domestic and international banks continued their efforts to streamline and rationalize their operations, given the challenging domestic economic environment and global regulatory initiatives.

As the institution responsible for financial stability, the Central Bank remains focused on further strengthening its regulatory and supervisory regime—in line with international best practices—in order to minimize risks to the overall sector from adverse domestic and external events. A significant part of the

[4] This survey was considered as part of the Internal Capital Adequacy Assessment Process (ICAAP).

Bank's efforts will entail further aligning supervisory practices with the international standards prescribed under the Basel-led framework.

As it related to the issue of de-risking, the Central Bank will continue to monitor international developments and ensure enhanced implementation of AML/CFT standards among its licensees. The Central Bank's work program will also address issues related to financial inclusion and proposals for more regulation and oversight of activities not currently conducted through commercial banks.

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

Period	2011p	2012p	2013p	2014p	2015p
A. Stamp Taxes on Transactions	**106.7**	**60.4**	**69.6**	**51.3**	**76.0**
Gross Insurance Premium Tax 1/	23.4	21.0	23.1	22.1	0.0
Mortgages	35.8	14.3	8.4	8.5	9.0
Other Banking Transactions	52.6	41.9	60.5	37.1	66.7
Instruments & Bonds	0.1	0.1	0.1	0.1	0.3
B. Licence & Registration Fees	**38.8**	**23.1**	**23.1**	**40.1**	**32.7**
International Business Companies (IBCs)	17.6	17.1	17.2	16.3	16.7
Banks and Trust Companies	20.9	5.7	5.6	23.4	15.7
Insurance Companies, Brokers & Agents	0.2	0.3	0.3	0.3	0.4
Financial & Corp. Svcs. Providers	n/a	n/a	n/a	n/a	n/a
Investment Funds 2/	n/a	n/a	n/a	n/a	n/a
C. Total Revenues	**145.5**	**83.5**	**92.7**	**91.3**	**108.7**

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.

TABLE B. GROSS ECONOMIC CONTRIBUTION OF BANKS AND TRUST COMPANIES IN THE BAHAMAS

Period	2010	2011	2012	2013	2014p	2015p
A. TOTAL EMPLOYMENT	4,910	4,808	4,779	4,785	4,599	4,337
1. Non-Bahamians	303	294	304	291	281	263
2. Bahamians (of which)	4,607	4,514	4,475	4,494	4,318	4,074
i) Local Banking	3,190	3,184	3,132	3,121	2,948	2,700
ii) Offshore Banking	651	625	637	664	642	555
iii) Trust Administration	532	504	523	514	526	474
iv) Other	234	201	183	195	202	345
			(B$ Millions)			
B. TOTAL OPERATIONAL COSTS (1+2+3+4)	557.5	574.4	585.8	628.4	650.0	660.7
1. Salaries[1]	287.0	290.3	296.9	319.9	307.0	301.0
i) Base Salaries	254.2	255.3	262.5	276.9	264.2	258.5
ii) Bonuses	32.8	35.1	34.4	43.0	42.7	42.6
2. Government Fees	25.1	29.3	30.5	33.0	51.7	64.0
i) Licence	16.5	20.8	20.9	21.8	37.9	44.8
ii) Company Registration	1.2	1.4	1.7	1.6	1.2	1.0
iii) Work Permits	3.1	3.5	3.8	4.9	8.0	6.4
iv) Other Government Fees	4.3	3.6	4.1	4.8	4.7	11.7
3. Staff Training	2.2	2.4	2.3	2.4	2.6	2.1
4. Other Administrative Costs	243.2	252.4	256.1	273.1	288.8	293.5
C. CAPITAL EXPENDITURE[2]	24.8	22.6	18.5	20.0	24.2	32.9
D. TOTAL EXPENDITURE (B+C)	582.4	597.0	604.3	648.4	674.2	693.6
E. AVERAGE SALARY (B$'000)[3]	51,770	53,099	54,921	57,868	57457.5	59595.6

Source: The Central Bank of The Bahamas

[1] Includes bonuses

[2] Includes construction, renovation expenses and other fixed assets.

[3] Excludes bonuses

TABLE C. GROSS ECONOMIC CONTRIBUTION OF BANKS AND TRUST COMPANIES

Period	2010	2011	2012	2013	2014p	2015p	2010	2011	2012	2013	2014p	2015p
			DOMESTIC						**OFFSHORE**			
A. TOTAL EMPLOYMENT	3,696	3,673	3,639	3,667	3,507	3,253	1,214	1,135	1,140	1,118	1,092	1,084
1. Non-Bahamians	43	50	57	43	39	29	260	244	247	248	242	234
2. Bahamians (of which)	3,653	3,623	3,582	3,624	3,468	3,224	954	891	893	870	850	850
i) Local Banking	3,190	3,184	3,132	3,121	2,948	2,700	--	--	--	--	--	--
ii) Offshore Banking	27	28	13	48	57	13	624	597	624	616	585	542
iii) Trust Administration	288	278	317	320	336	277	244	226	206	190	190	197
iv) Other	148	133	120	135	127	234	86	68	63	64	75	111
							(B$ Millions)					
B. TOTAL OPERATIONAL COSTS (1+2+3+4)	323.2	338.4	353.3	394.8	404.3	421.6	234.3	236.0	232.5	233.6	245.7	239.1
1. Salaries[1]	169.5	169.2	172.8	191.7	178.4	176.0	117.6	121.2	124.1	128.2	128.6	125.0
i) Base Salaries	153.9	154.1	160.3	174.5	163.3	159.9	100.3	101.2	102.1	102.4	101.0	98.6
ii) Bonuses	15.6	15.1	12.5	17.2	15.1	16.2	17.3	20.0	21.9	25.8	27.6	26.4
2. Government Fees	14.7	20.0	20.7	22.6	40.8	51.3	10.5	9.2	9.7	10.4	11.0	12.7
i) Licence	11.8	16.5	16.6	17.4	31.9	37.6	4.7	4.3	4.3	4.3	6.0	7.2
ii) Company Registration	0.3	0.5	0.3	0.3	0.0	0.0	0.9	0.9	1.4	1.2	1.2	1.0
iii) Work Permits	0.4	0.7	1.2	2.2	5.8	4.6	2.8	2.8	2.6	2.6	2.2	1.8
iv) Other Government Fees	2.2	2.3	2.6	2.6	3.1	9.1	2.1	1.3	1.5	2.2	1.6	2.6
3. Staff Training	1.1	1.4	1.3	1.2	1.1	1.2	1.1	1.0	1.0	1.2	1.5	0.9
4. Other Administrative Costs	138.0	147.8	158.5	179.4	184.0	193.1	105.3	104.5	97.7	93.8	104.7	100.5
C. CAPITAL EXPENDITURE[2]	20.2	15.6	15.1	15.9	19.6	20.8	4.6	7.0	3.4	4.1	4.6	12.1
D. TOTAL EXPENDITURE (B+C)	343.4	354.0	368.4	410.7	423.9	442.4	238.9	242.9	235.9	237.7	250.3	251.2
E. AVERAGE SALARY (B$'000)[3]	41,638	41,950	44,057	47,577	46,558	49,144	82,616	89,178	89,600	91,623	92,461	90,960

Source: The Central Bank of The Bahamas

[1] Includes bonuses

[2] Includes construction, renovation expenses and other fixed assets.

[3] Excludes bonuses

Table D: Other Selected Financial Sector Statistics

	Unit	2009p	2010	2011	2012	2013r	2014p	2015p
Investment Funds Adminstrations								
Licensed Mutual Funds	Number	788	753	713	652	753	841	885
Licensed Administrators	**Number**	**64**	**65**	**65**	**63**	**62**	**62**	**66**
Asset Under Management	*B$ Billions*	*189.6*	*138.2*	*86.8*	*112.2*	*127.9*	*134.6*	*n/a*
Insurance Companies and Agents	**Number**	**174**	**178**	**127**	**139**	**147**	**143**	**148**
Domestic Companies and Agents	**Number**	**154**	**157**	**114**	**124**	**128**	**122**	**125**
Total Domestic Assets	*B$ Millions*	1,258.8	1,326.6	1,393.0	1,506.4	1,563.7	1,661.5	n/a
Average Annua1 Salaries	*B$*	45,084	44,673	43,829	42,619	44,187	48,486	47,430
Operating Costs / Total Expenditures	*%*	94	92.9	92.3	92.4	88.5	94.3	94.2
External Insurers	**Number**	**20**	**21**	**14**	**15**	**19**	**21**	**23**
Credit Unions (Active)								
Number of Unions	**Number**	**15**	**13**	**13**	**13**	**7**	**7**	**9**
Total Assets	*B$ Million*	233.6	247.9	273.2	280.9	327.6	347.7	370.6
Employment	*Number*	129	130	134	139	141	144	154
Average Annua1 Salaries	*B$*	27,099	26,585	27,487	29,605	30,090	4,228	4,386
Total Expenditures	*B$ Million*	6.46	6.69	6.58	10.20	11.06	10.38	10.51
Operating Costs / Total Expenditures	*%*	95.5	92.2	95.5	89.5	82.8	88.6	92.8
Bahamas International Securities Exchange (BISX)								
Securities Listed	**Number**	**24**	**23**	**25**	**27**	**27**	**29**	**32**
Shares Traded	*Thousands*	4,917	10,860	2,899	4,080	4,084	3,979	3,145
Market Capitalization	*B$ Billion*	3.02	2.91	2.91	2.87	3.00	3.54	3.68

Sources:

The Central Bank of The Bahamas, Bahamas International Securities Exchange (BISX), The Securities Commission of The Bahamas and The Registrar of Insurance Companies.

TABLE B. GROSS ECONOMIC CONTRIBUTION OF BANKS AND TRUST COMPANIES IN THE BAHAMAS

Period	2010	2011	2012	2013	2014p	2015p
A. TOTAL EMPLOYMENT	4,910	4,808	4,779	4,785	4,599	4,337
1. Non-Bahamians	303	294	304	291	281	263
2. Bahamians (of which)	4,607	4,514	4,475	4,494	4,318	4,074
i) Local Banking	3,190	3,184	3,132	3,121	2,948	2,700
ii) Offshore Banking	651	625	637	664	642	555
iii) Trust Administration	532	504	523	514	526	474
iv) Other	234	201	183	195	202	345
			(B$ Millions)			
B. TOTAL OPERATIONAL COSTS (1+2+3+4)	557.5	574.4	585.8	628.4	650.0	660.7
1. Salaries[1]	287.0	290.3	296.9	319.9	307.0	301.0
i) Base Salaries	254.2	255.3	262.5	276.9	264.2	258.5
ii) Bonuses	32.8	35.1	34.4	43.0	42.7	42.6
2. Government Fees	25.1	29.3	30.5	33.0	51.7	64.0
i) Licence	16.5	20.8	20.9	21.8	37.9	44.8
ii) Company Registration	1.2	1.4	1.7	1.6	1.2	1.0
iii) Work Permits	3.1	3.5	3.8	4.9	8.0	6.4
iv) Other Government Fees	4.3	3.6	4.1	4.8	4.7	11.7
3. Staff Training	2.2	2.4	2.3	2.4	2.6	2.1
4. Other Administrative Costs	243.2	252.4	256.1	273.1	288.8	293.5
C. CAPITAL EXPENDITURE[2]	24.8	22.6	18.5	20.0	24.2	32.9
D. TOTAL EXPENDITURE (B+C)	582.4	597.0	604.3	648.4	674.2	693.6
E. AVERAGE SALARY (B$'000)[3]	51,770	53,099	54,921	57,868	57457.5	59595.6

Source: The Central Bank of The Bahamas

[1] Includes bonuses

[2] Includes construction, renovation expenses and other fixed assets.

[3] Excludes bonuses

TABLE C. GROSS ECONOMIC CONTRIBUTION OF BANKS AND TRUST COMPANIES

Period	2010	2011	2012	2013	2014p	2015p	2010	2011	2012	2013	2014p	2015p
	DOMESTIC						**OFFSHORE**					
A. TOTAL EMPLOYMENT	3,696	3,673	3,639	3,667	3,507	3,253	1,214	1,135	1,140	1,118	1,092	1,084
1. Non-Bahamians	43	50	57	43	39	29	260	244	247	248	242	234
2. Bahamians (of which)	3,653	3,623	3,582	3,624	3,468	3,224	954	891	893	870	850	850
i) Local Banking	3,190	3,184	3,132	3,121	2,948	2,700	--	--	--	--	--	--
ii) Offshore Banking	27	28	13	48	57	13	624	597	624	616	585	542
iii) Trust Administration	288	278	317	320	336	277	244	226	206	190	190	197
iv) Other	148	133	120	135	127	234	86	68	63	64	75	111
						(B$ Millions)						
B. TOTAL OPERATIONAL COSTS (1+2+3+4)	323.2	338.4	353.3	394.8	404.3	421.6	234.3	236.0	232.5	233.6	245.7	239.1
1. Salaries[1]	169.5	169.2	172.8	191.7	178.4	176.0	117.6	121.2	124.1	128.2	128.6	125.0
i) Base Salaries	153.9	154.1	160.3	174.5	163.3	159.9	100.3	101.2	102.1	102.4	101.0	98.6
ii) Bonuses	15.6	15.1	12.5	17.2	15.1	16.2	17.3	20.0	21.9	25.8	27.6	26.4
2. Government Fees	14.7	20.0	20.7	22.6	40.8	51.3	10.5	9.2	9.7	10.4	11.0	12.7
i) Licence	11.8	16.5	16.6	17.4	31.9	37.6	4.7	4.3	4.3	4.3	6.0	7.2
ii) Company Registration	0.3	0.5	0.3	0.3	0.0	0.0	0.9	0.9	1.4	1.2	1.2	1.0
iii) Work Permits	0.4	0.7	1.2	2.2	5.8	4.6	2.8	2.8	2.6	2.6	2.2	1.8
iv) Other Government Fees	2.2	2.3	2.6	2.6	3.1	9.1	2.1	1.3	1.5	2.2	1.6	2.6
3. Staff Training	1.1	1.4	1.3	1.2	1.1	1.2	1.1	1.0	1.0	1.2	1.5	0.9
4. Other Administrative Costs	138.0	147.8	158.5	179.4	184.0	193.1	105.3	104.5	97.7	93.8	104.7	100.5
C. CAPITAL EXPENDITURE[2]	20.2	15.6	15.1	15.9	19.6	20.8	4.6	7.0	3.4	4.1	4.6	12.1
D. TOTAL EXPENDITURE (B+C)	343.4	354.0	368.4	410.7	423.9	442.4	238.9	242.9	235.9	237.7	250.3	251.2
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