



Quarterly Economic Review

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QUARTERLY ECONOMIC REVIEW

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REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

Preliminary data suggests that the economy's growth momentum moderated somewhat during the first quarter, as evidenced by a slowing in tourism output and consumer demand. However, key drivers of growth continued to be foreign financed projects in the tourism sector and steady residential construction investments. Price developments were less favourable during the quarter, owing to the pass-through effects of higher commodity prices. The fiscal position for third quarter FY2006/07 featured a widened deficit, as elevated levels of recurrent and capital expenditures completely offset the stamp and realty related led gains in revenue. On the monetary side, the observed consumer led slowdown in credit growth, alongside a strengthening in deposits, reinforced a recovery in bank liquidity from the trough of late 2006, and a corresponding strengthening in external reserves. In the external sector, the estimated widening of the current account deficit reflected the import intensive nature of ongoing foreign direct investment projects on the services account surplus, although significantly offset by related investment inflows.

The banking system's net free cash reserves recovered by \$81.1 million (69.2%) to \$198.3 million from the \$2.5 million (1.3%) downturn a year earlier, and represented a slightly lower 3.9% of Bahamian dollar deposit liabilities. A similar improvement was registered for the broader surplus liquid assets of \$112.3 million to \$175.4 million, which exceeded the statutory minimum by a relatively stable 21.6% margin and were invested mainly in Government paper. Reflecting the impact of the tight liquidity conditions prevailing into the early weeks of the year, the weighted average interest rate on deposits advanced by 15 basis points to 3.66%, and the weighted average loan rate firmed by 56 basis points to 10.35%. Consequently, the interest rate spread moved higher by 41 basis points to 6.69 percentage points. Moreover, the Treasury bill rate rose by 81 basis points to 2.55%; while the benchmark commercial bank's Prime and the Central Bank's Discount rate remained at 5.50% and 5.25%, respectively.

Increased net inflows of foreign currency, alongside more tempered credit expansion, led to strengthened growth in the monetary aggregates (M3) to 3.5% from 2.2% in 2006, placing the stock higher at \$5,323.4 million. Increased interest rate yields prompted extended growth in fixed deposits, to 4.5% from 3.1%, and influenced a corresponding deceleration in demand deposit gains to 0.4% from 1.4%. Saving deposits growth stabilized at 3.5%, whereas the currency component surged by 6.9%, after a marginal 1.5% rise last year.

Easing domestic demand impulses contributed to a slowdown in total credit growth to 0.9% (\$60.1 million) from 2.6% (\$151.9 million) in 2006, with the expansion in the private sector component more than halved to 1.6% (\$90.1 million). Apart from residential mortgages, which grew at a steady 3.3%, accretions to consumer credit slackened to 1.9% and for overdrafts, to 7.8%. Net credit to Government, which fell by 3.3% a year earlier, weakened further by 1.9% and net claims on the rest of the public sector contracted by 4.3%, to reverse last year's 3.7% advance.

On the fiscal side, the overall deficit firmed by \$10.8 million to \$35.6 million during the review quarter, as the 13.1% gain in revenue was surpassed by the 15.3% growth in expenditure. Tax receipts firmed by 13.0%, buoyed by higher revenue from other stamp taxes and real property taxes, which offset some softening in international trade and tourism related tax receipts. Recurrent spending was 15.5% higher at \$334.5 million, owing to increased outlays for wages and salaries, goods and services and transfer payments. Capital expenditures also grew by 15.4% to \$36.1 million, reflecting higher spending for infrastructure projects; and net lending to public corporations strengthened by 11.4% to \$16.9 million. Budgetary financing included a \$50.0 million Registered Stock issue and \$1.4 million in external loan drawdowns. Debt amortization payments amounted to \$11.3 million, of which \$10.5 million went towards servicing Bahamian dollar liabilities and \$0.8 million to external debt obligations. Consequently, the Direct Charge on the Government advanced by 1.7% (\$40.1 million) to \$2,422.7 million and, inclusive of a 1.5% contraction in

public sector debt guaranteed by the Government, the National Debt rose by 1.1% to \$2,914.1 million.

Tourism developments were marked by a 0.9% contraction in total visitors during the first quarter, reflecting primarily the continuing impact of intensified competition in the sector. The higher spending air arrivals declined by 5.0%, whereas there was a 1.0% firming in sea tourists. Visitors to New Providence fell by 3.2%, with declines in both air (7.1%) and sea (0.8%) arrivals. A similar pattern was obtained in Grand Bahama, where both air and sea passengers fell by 3.5% and 10.2%, respectively. In a more positive outcome, visitors to the Family Islands strengthened by a further 8.0%, comprising improvements in air (3.8%) and cruise (8.9%) visitors.

Consumer price inflation—as measured by changes in the Retail Price Index— accelerated to 3.1% over the first three months-to-March, from 1.2% in the corresponding quarter of 2006. The global effects of higher oil and other commodity prices influenced significant cost increases for ‘other’ goods & services, recreation & entertainment services, transportation & communication, medical care & health, and food & beverages. Similar trends were observed for the 12-month period ending March, as average prices firmed to 2.30% from 1.82% in the previous year, occasioned by a marked upturn in costs for ‘other’ goods & services, food & beverages, medical care & health and recreation & entertainment services.

Preliminary data suggests that growth in construction output moderated during the first quarter, with weakened domestic expenditures mitigated by steady contributions from foreign financed projects. Information provided by banks, insurance companies and The Bahamas Mortgage Corporation revealed reductions in both the number and value of commitments for new construction and repair projects, by 47.8% and 49.2%, respectively. Similarly, total mortgage disbursements fell by 8.3% to \$133.8 million, led by weakness in the commercial component which overshadowed improvements in residential disbursements. As a result, growth in total mortgages slowed by 4.7 percentage points to 13.5%, for an end-March balance of \$2,564.4 million. Average borrowing costs for both commercial and residential mortgages were marginally higher by 1 basis point each at 9.0% and 8.5%, respectively.

In the external sector, the current account deficit widened by an estimated \$41.8 million to \$454.9 million during the first quarter. This development reflected a \$31.4 million contraction in the surplus on the services account, owing to higher net construction and transportation payments and reduced receipts from tourism activity. Moreover, higher outflows related to income and profit repatriations resulted in an expansion in the deficit on the income account by \$13.8 million, while net current transfer receipts retreated by \$3.0 million. In contrast, the deficit on the trade account softened by an estimated 1.2% to \$520.9 million, as lower fuel imports negated increases in non-oil imports.

The surplus on the capital and financial account rose by an estimated \$46.5 million to \$308.6 million, mainly on account of a significant increase in private sector investments. Reflective of these developments, direct investment inflows strengthened by \$22.0 million to \$200.6 million. Moreover, other miscellaneous investment inflows rallied by \$32.0 million to \$129.4 million, as net inflows to the private sector firmed by \$72.2 million to \$127.0 million, countering the \$40.3 million contraction in domestic banks net inflows to \$2.8 million.

FISCAL OPERATIONS

OVERVIEW

Preliminary data for the third quarter of FY2006/07 indicates that Government’s fiscal deficit widened by 43.7% to \$35.6 million, relative to the comparative quarter of FY2005/06. This outturn reflected a 15.3% hike in total expenditure to \$387.5 million, which outstripped the 13.1% advance in total revenue to \$351.9 million.

REVENUE

Tax revenue, which represented 92.4% of receipts, grew by 13.0% to \$325.3 million. Commercial real estate transactions contributed significantly to the \$38.4 million growth in “other” stamp taxes to \$75.7 million, as well as the near doubling in real property taxes to \$32.5 million. Gains in business and professional licence fees of 10.0% to \$17.9 million were primarily linked to increases in banks & trust licences (32.7%) and general business fees (17.5%). Conversely, levies on international trade and

transactions, which accounted for some 49.1% of tax revenue, tapered by 3.4% to \$159.7 million, reflecting a timing related falloff in import tax receipts (5.6%). However, some offset was provided from improvements in stamp taxes from imports (2.9%) and export taxes (25.0%). Selective taxes on tourism services were reduced by 2.6% to \$7.8 million, as the weakness in tourist arrivals contributed to a 38.9% decline in hotel occupancy taxes. A similar pattern was observed for departure taxes, which contracted by 10.1% to \$19.7 million; while motor vehicle taxes were 1.0% lower at

the corresponding fiscal period, attributed to receipt of dividend income.

EXPENDITURE

In expenditure trends, preliminary data placed recurrent spending 15.5% higher at \$334.5 million, for 86.3% of total outlays. Capital expenditure, at 9.3% of the total, advanced by 15.4% to \$36.1 million, and net lending to public corporations (4.4% of the total) grew by 11.4% to \$16.9 million.

Government Revenue By Source

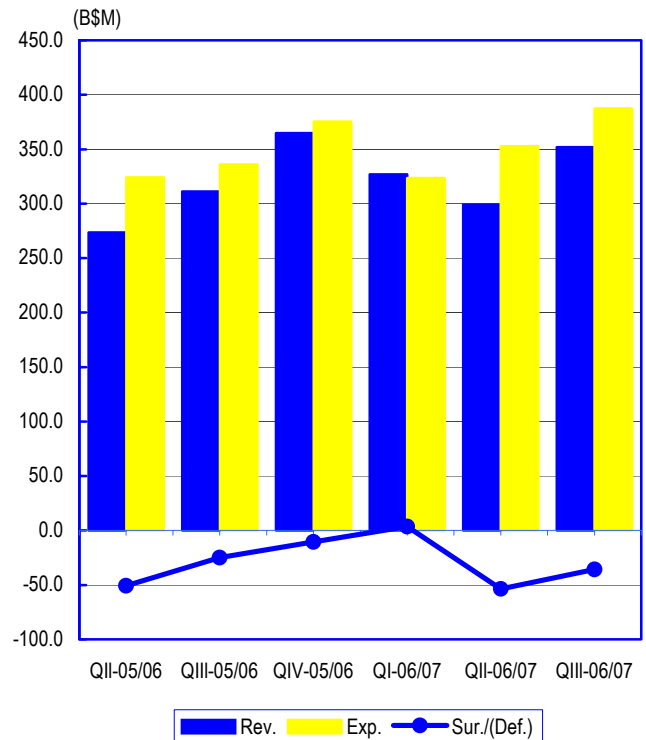
(Jan - Mar)

| | FY05/06 | | FY06/07 | |
|---------------------------|--------------|--------------|--------------|--------------|
| | B\$M | % | B\$M | % |
| Property Tax | 17.8 | 5.7 | 32.5 | 9.2 |
| Selective Services Tax | 8.0 | 2.6 | 7.8 | 2.2 |
| Busines. & Prof Lic. Fees | 16.2 | 5.2 | 17.9 | 5.1 |
| Motor Vehicle Tax | 6.1 | 2.0 | 6.0 | 1.7 |
| Departure Tax | 21.9 | 7.0 | 19.7 | 5.6 |
| Import Duties | 128.8 | 41.4 | 121.6 | 34.6 |
| Stamp Tax from Imports | 33.6 | 10.8 | 34.6 | 9.8 |
| Export Tax | 2.8 | 0.9 | 3.5 | 1.0 |
| Stamp Tax from Exports | -- | -- | -- | -- |
| Other Stamp Tax | 37.3 | 12.0 | 75.7 | 21.5 |
| Other Tax Revenue | 17.0 | 5.4 | 6.5 | 1.9 |
| Fines, Forfeits, etc. | 20.8 | 6.7 | 9.9 | 2.8 |
| Sales of Govt. Property | 0.8 | 0.2 | 0.1 | 0.0 |
| Income | 1.9 | 0.6 | 16.6 | 4.7 |
| Other Non-Tax Rev. | -- | -- | -- | -- |
| Capital Revenue | -- | -- | -- | -- |
| Grants | -- | -- | -- | -- |
| Less:Refunds | 1.8 | 0.6 | 0.6 | 0.2 |
| Total | 311.3 | 100.0 | 351.9 | 100.0 |

\$6.0 million. Receipts of “other taxes”, representing amounts not yet distributed among the specific revenue categories, fell by 61.6% to \$6.5 million.

Revenue from non-tax sources, which constituted 7.6% of total receipts, improved by 13.1% to \$26.6 million. The upswing reflected a significant gain in income from other sources, to \$16.2 million from \$1.6 million in

Fiscal Operations



By economic classification, current expenditures included a 17.6% advance in Government consumption to \$220.6 million, occasioned by a 26.3% increase in purchases of goods and services to \$85.9 million and a 12.6% hike in the salaries and wages bill to \$134.8 million. Transfer payments were enlarged by 11.7% to \$113.9 million, in the wake of a 12.5% rise in interest payments on debt obligations to \$31.3 million and an 11.5% increase in subsidies & other transfers to \$82.6 million. The expansion in the latter was largely explained by growth in transfers to households related to increased

old age pension payments (23.7%) and in contributions to non-profit institutions (40.5%). Further, transfers abroad more than doubled to \$4.4 million; while those to public corporations rose by \$0.3 million to \$0.8 million.

On a functional basis, current outlays on general public services, which accounted for 31.2% of recurrent spending, advanced by 23.7% to \$104.4 million during the fiscal quarter. Expenditure on education rose by 15.9% to \$60.8 million, on health, by 7.0% to \$52.9 million and on defense, by 4.1% to \$9.2 million. Disbursements for social benefits, housing and other community services grew by a combined 13.1% to \$25.5 million, due mainly to increased old age and disability payments, and outlays for economic services registered a 14.4% upturn to \$50.3 million (15.0% of the total), largely due to a hike in tourism-related outlays (40.6%).

Growth in capital spending of 15.4% to \$36.1 million was led by a 21.9% hike in capital formation activities related to the continued maintenance and construction of roads and buildings. Similarly, outlays for the acquisition of assets grew by 15.5% to \$12.6 million, mainly on account of Government's ongoing computerization and technological upgrade projects.

FINANCING AND NATIONAL DEBT

During the review quarter, budgetary financing included a \$50.0 million Registered Stock issue in March, and a \$1.4 million drawdown on existing external loans. Debt amortization payments of \$11.3 million reduced external and Bahamian dollar obligations by \$0.8 million and \$10.5 million, respectively. As a result, the Direct Charge on Government rose by \$40.1 million (1.7%) to \$2,422.7 million over the previous quarter, but was below the \$54.7 million (2.4%) gain to \$2,289.9 million in the comparative period last year. Bahamian dollar denominated debt constituted 88.0% of the total, with the majority held by public corporations (35.7%), followed by other private and institutional investors (32.6%), commercial banks (22.0%), the Central Bank (9.5%) and Other Local Financial Institutions (0.2%). Government securities remained the largest component of Bahamian dollar debt (87.7%), with an average term to maturity of 20 years, and lesser proportions in the form of Treasury bills (9.0%) and loans and advances (3.3%)—mainly from the Central Bank.

Government's contingent liabilities, comprised primarily of debt guaranteed for public corporations, narrowed during the first quarter by 1.5% to \$491.3 million. Consequently, the National Debt grew by 1.1% over the quarter to \$2,914.1 million, and exceeded the March 2006 level by \$124.9 million (4.5%).

PUBLIC SECTOR FOREIGN CURRENCY DEBT

Initial data for the first quarter of 2007 revealed a decline in public sector foreign currency debt, by 1.4% (\$8.8 million) to \$620.9 million, as new drawings of \$3.2 million were outstripped by amortization payments of \$12.0 million. The Government accounted for \$290.6 million (46.8%) of the outstanding debt stock and the public corporations, the remaining \$330.2 million (53.2%).

By creditor profile, commercial banks held the largest share of foreign currency debt (45.9%), followed by private capital markets (36.2%) and multilateral institutions and other agencies (17.9%). In terms of currency composition, more than 95% of the foreign currency debt was denominated in United States dollars, with an average maturity of approximately 12 years.

Relative to estimates for the first quarter of 2006, foreign currency debt servicing rose to \$16.5 million (3.8%), comprising a 17.9% rise in interest payments to \$4.5 million and a 0.6% reduction in amortizations to \$12.0 million. As a result, debt service as a proportion of estimated exports of goods and non-factor services was marginally higher at 2.0%, and with modest accretions to revenue, the ratio of debt service to total revenue stabilized at 0.4%.

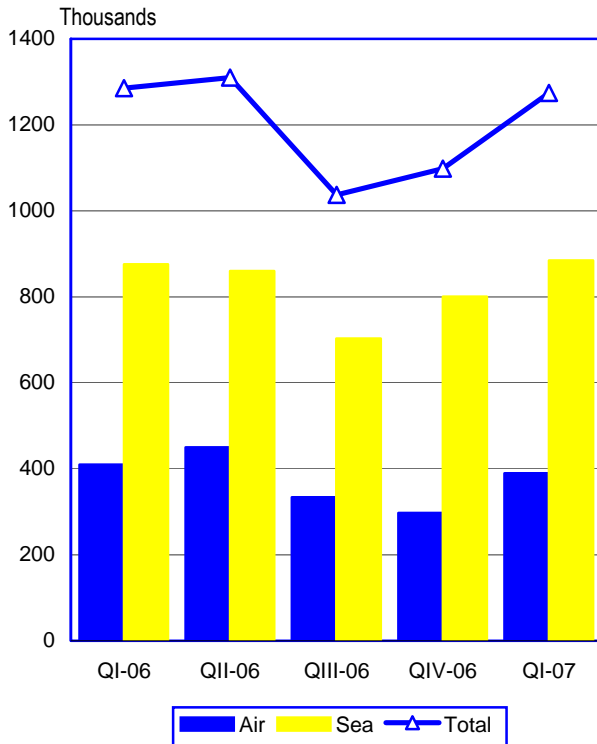
REAL SECTOR

TOURISM

Preliminary indications are that tourism output moderated during the first quarter of 2007, owing mainly to the impact of increased competition facing the industry. Total visitors decreased by 0.9% to 1.27 million, extending the 0.4% falloff in the corresponding period last year. Air passengers, which comprised 30.6% of total visitor arrivals, declined by 5.0% in contrast to a 3.9% expansion in 2006; and the more dominant sea component rebounded by 1.0% from a 2.3% contraction.

According to port of entry data, the drop in arrivals to New Providence was halved to 3.2%, as the decline in sea visitors tapered off sharply to 0.8%, and mitigated the pronounced 7.1% downturn in air arrivals. After registering a 13.0% recovery in 2006, arrivals to the Grand Bahama market weakened by 8.1%, featuring a resumed

Visitor Arrivals

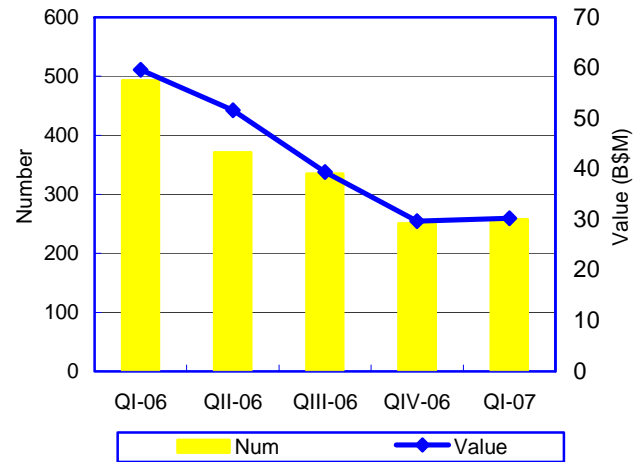


decline in sea traffic of 10.2% and the extended drop in air visitors of 3.5%. Conversely, continued improvement and expansion to room capacity helped to boost arrivals to the Family Islands by 8.0%, comprising an 8.9% hike in sea visitors and a 3.8% upturn in air traffic.

CONSTRUCTION

Preliminary data suggests that construction output expanded at a more subdued pace during the first quarter, as growth in commercial led foreign investment activity offset a slowdown in domestic expenditures which continued to be paced by steady gains in housing investments.

Mortgage Commitments: New Construction and Repairs



According to information from banks, insurance companies and the Bahamas Mortgage Corporation, total mortgage disbursements receded by 8.3% to \$133.8 million, as the more than three-fold contraction in amounts advanced for commercial purposes, overshadowed a 6.2% expansion in residential outlays. Extending last year's 18.2% rise, the total value of mortgages outstanding rose further by 13.5% to \$2,564.4 million. At 91.9% of the total, the residential component led with growth of 14.3%, compared to 4.5% for commercial mortgages. Relative to the total size of the mortgage market, domestic banks accounted for the largest share (88.1%), followed by insurance companies (7.3%) and the Bahamas Mortgage Corporation (4.6%).

The more forward looking indicator, mortgage commitments for new construction and repairs, contracted by 47.8% to 258, with a corresponding downturn in value of 49.2% to \$30.3 million. In particular, the residential component decreased in number by 48.9% to 247, with a 52.4% falloff in value to \$27.9 million. However, commercial obligations were unchanged at 11, but doubled in value to \$2.4 million.

Despite some tightening in credit conditions, borrowing terms remained generally favourable, as the average rate on both commercial and residential mortgages rose by 1 basis point to 9.0% and 8.5%, respectively.

PRICES

Consumer price inflation, as measured by quarterly variations in the average Retail Price Index, strengthened to 3.1% in the first quarter from 1.2% in the same period last year, largely reflecting the pass-through effects of higher global oil, commodity and food prices. Price

Average Retail Price Index

(Annual % Changes)
March

| Items | Weight | 2006 | | 2007 | |
|----------------------|--------|-------|------|-------|-----|
| | | Index | % | Index | % |
| Food & Beverages | 138.3 | 122.0 | 3.8 | 126.1 | 4.2 |
| Clothing & Footwear | 58.9 | 105.8 | -1.2 | 106.7 | 1.0 |
| Housing | 328.2 | 106.9 | 2.9 | 108.1 | 1.4 |
| Furn. & Household | 88.7 | 121.3 | 1.7 | 123.1 | 1.9 |
| Med. Care & Health | 44.1 | 136.0 | 2.1 | 138.5 | 2.7 |
| Trans. & Comm. | 148.4 | 109.8 | 0.8 | 108.7 | 0.2 |
| Rec., Enter. & Svcs. | 48.7 | 121.7 | -1.0 | 122.4 | 2.3 |
| Education | 53.1 | 170.5 | 2.5 | 169.9 | 0.0 |
| Other Goods & Svcs. | 91.6 | 125.6 | 2.6 | 133.0 | 7.9 |
| ALL ITEMS | 1000 | 117.7 | 1.8 | 119.5 | 2.3 |

accelerations were evident across all components of the Index, with the most significant advances recorded for 'other' goods & services (7.9%), recreation & entertainment services (7.2%), transportation & communications (5.0%), medical care & health (3.6%) and food & beverages (3.4%). The remaining categories registered average price gains of below 2.0%.

For the twelve months to March 2007, average consumer price inflation gained 0.48 percentage points to 2.3%. Significant price upturns were registered for "other" goods & services (7.9%), food & beverages (4.2%), medical care & health (2.7%) and recreation entertainment & services (2.4%). More modest cost accelerations were posted for furniture & household operation (1.9%), housing (1.4%), clothing & footwear (1.0%), and transport & communication (0.2%).

FISHERIES

Estimates from the Department of Fisheries on exports for the fourth quarter 2006, the latest period for which data is available, indicated that improved average prices boosted the total value of fisheries exports by 14.7% to \$42.2 million; however, the volume declined by 2.2% to 2.3 million pounds. Crawfish exports, which accounted for 97.0% of quantity and 98.4% of the estimated value, rose by 15.5% to \$41.6 million, supported by a 13.6% rise in the average price per pound to \$18.55. In contrast, earnings from other "miscellaneous" fisheries exports declined by 19.5% to \$0.7 million, led by a 58.5% reduction in quantity.

Provisional data for 2006, showed that the volume of fisheries exports declined by 2.5% to 5.9 million pounds, with the associated value lower by 0.3% at \$96.5 million. Crawfish exports (88.1% of total volume and 95.6% of total value) contracted by 1.5% to \$92.2 million, reflecting lower export quantities. Similarly, conch exports, which comprised the second largest category, decreased by 19.7% to \$1.6 million; whereas higher volumes resulted in a more than twofold hike in other "miscellaneous" export earnings to \$2.7 million.

MONEY, CREDIT AND INTEREST RATES

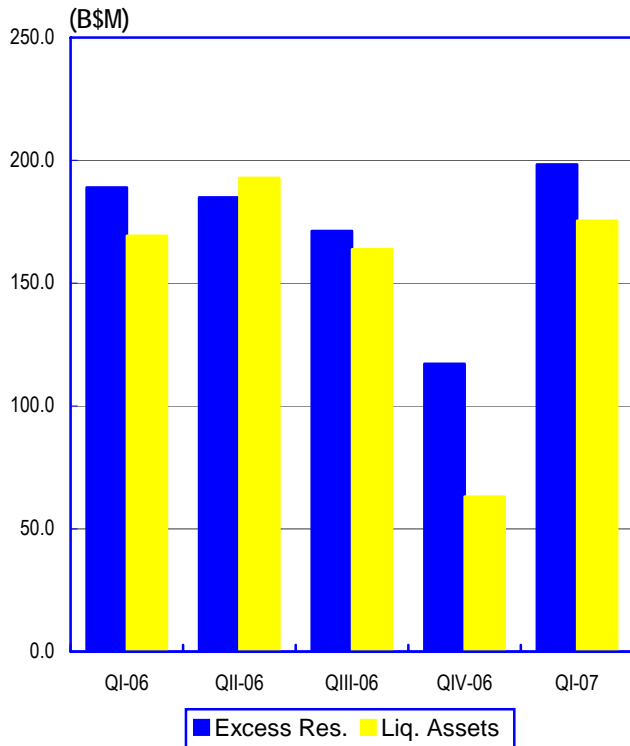
OVERVIEW

Monetary developments during the first quarter of 2007 featured a slowing in domestic credit growth, occasioned mainly by an easing in private sector demand. This moderation, together with sizeable inflows of predominantly foreign investment related funds, boosted liquidity levels and led to a reduction in net foreign liabilities. In this environment, accretions to deposit interest rates slowed somewhat; however, borrowing rates firmed to occasion a widening in the weighted average loan to deposit interest rate spread.

LIQUIDITY

Net free cash reserves of the banking system recovered strongly by \$81.1 million (69.2%) to \$198.3 million, following a \$2.5 million (1.3%) downturn to \$189.0

Liquidity



million in the corresponding period of 2006, and were equivalent to a reduced 3.9% of deposit liabilities vis-à-vis 4.1% a year earlier. Likewise, the broader surplus liquid assets advanced significantly by \$112.3 million to \$175.4 million, with the increment invested mainly in Government paper. Balances exceeded the statutory minimum by a marginally lower 21.6%.

DEPOSITS AND MONEY

Growth in the monetary aggregates firmed to 3.5% from 2.2% a year earlier. The narrow measure of money (M1) grew by a stable 1.4%, reflecting accretions to both demand deposits (0.4%) and currency in active circulation (6.9%). The expansion in broad money (M2) was extended to 3.6% from 2.7%; while improvements in average rates of return reinforced a pickup in fixed deposits growth to 4.5% from 3.1% in 2006. Moreover, accretions to saving deposits edged up marginally to 3.5%.

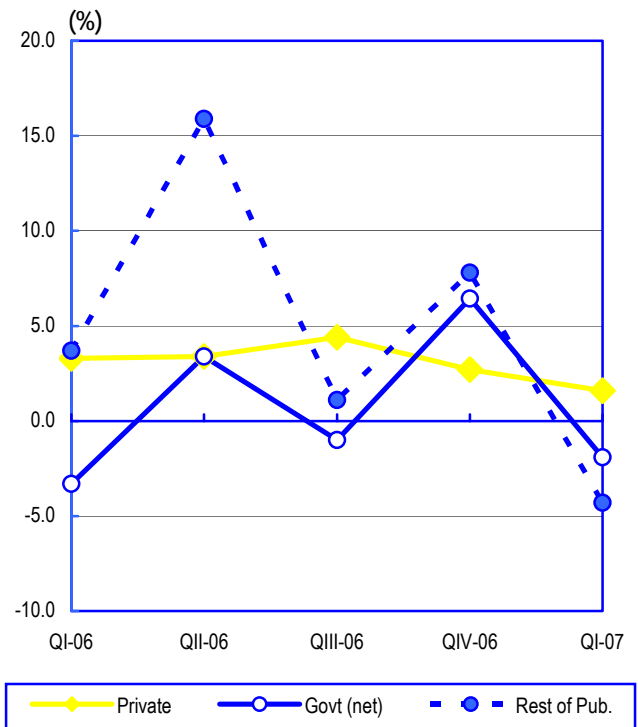
Foreign currency deposits increased by \$1.3 million (0.8%), a reversal of the 16.2% contraction in 2006,

linked to a fall in public corporations' balances. Consequently, overall money (M3) advanced by \$178.3 million (3.5%), up from \$104.0 million (2.2%) in 2006, for an outstanding stock value of \$5,323.4 million. By composition, Bahamian dollar fixed deposits accounted for the largest proportion of the money stock (54.6%), followed by demand deposits (19.8%), savings deposits (18.5%), currency in active circulation (4.1%) and foreign currency deposits (3.0%).

DOMESTIC CREDIT

Easing consumer demand pressures, following earlier tightening in liquidity and a firming in average lending rates, restrained credit growth to 0.9% (\$60.1 million) vis-à-vis 2.6% (\$151.9 million) in 2006. Although the accretion to Bahamian dollar claims was relatively stable at 2.4%, the expansion in the dominant private sector component was approximately halved to 1.7% (\$88.2 million). This contrasted with a near doubling in the banking sector's claims on the public sector, as the public corporations increased their indebtedness by \$41.4 million (34.6%)—a turnaround from last year's 3.7%

Changes in Credit



repayment, coupled with the increase in Government's liabilities by \$11.9 million (1.9%), to reverse the \$20.7 million (3.3%) contraction last year. Reflecting net repayments by the public sector, foreign currency lending declined by 10.0% (\$81.3 million), in contrast to an advance of 3.2% (\$21.9 million) recorded a year earlier.

Except for residential mortgages, which continued to expand at a steady rate, all other categories of personal loans, the largest component of private sector credit at 72.4%, registered lower rates of expansion. Consumer credit grew at a less brisk rate of 1.9% (\$35.9 million), relative to 2.5% last year; and the firming in overdrafts slackened to 7.8% from 13.1%.

Growth in net lending for business and other private sector activities was constrained to 0.9% from 4.1% in 2006, occasioned mainly by larger decreases in mining and quarrying (15.2%) and agriculture (9.1%), as well as downturns in entertainment and catering (11.4%) and distribution (4.4%), which overshadowed upward adjustments in fisheries and other "miscellaneous" categories by 17.2% and 13.1%, respectively.

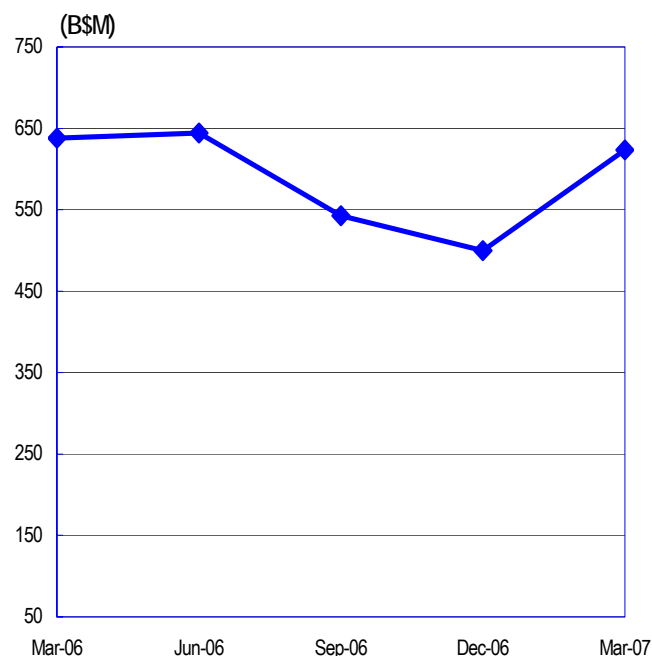
Regarding consumer credit, the largest increases were registered for miscellaneous purposes (\$15.9 million), land purchases (\$11.2 million), debt consolidation (\$10.0 million), private cars (\$2.8 million), and home improvements (\$1.3 million). Some offset was provided by net repayments for travel (\$3.0 million), credit cards (\$2.6 million) and education (\$0.6 million), respectively.

THE CENTRAL BANK

During the review quarter, the Central Bank's net claims on Government advanced by \$11.7 million (6.4%), relative to a \$10.8 million (8.9%) repayment in the corresponding period of 2006, and was mainly in the form of increased holdings of bonds. In addition, net liabilities to the rest of the public sector fell by \$4.5 million, reflecting higher deposit balances with the Bank.

| Distribution of Bank Credit By Sector | | | | |
|---------------------------------------|----------------|--------------|----------------|--------------|
| End-March | | | | |
| | 2006 | | 2007 | |
| | B\$M | % | B\$M | % |
| Agriculture | 9.9 | 0.2 | 10.3 | 0.2 |
| Fisheries | 14.1 | 0.3 | 15.5 | 0.3 |
| Mining & Quarry | 14.1 | 0.3 | 9.5 | 0.2 |
| Manufacturing | 45.6 | 0.8 | 51.1 | 0.8 |
| Distribution | 184.9 | 3.4 | 207.5 | 3.4 |
| Tourism | 234.6 | 4.3 | 246.3 | 4.0 |
| Enter. & Catering | 63.7 | 1.2 | 52.5 | 0.9 |
| Transport | 20.3 | 0.4 | 22.6 | 0.4 |
| Public Corps. | 283.6 | 5.2 | 253.7 | 4.2 |
| Construction | 371.2 | 6.8 | 410.9 | 6.7 |
| Government | 122.6 | 2.2 | 107.7 | 1.8 |
| Private Financial | 20.8 | 0.4 | 26.6 | 0.4 |
| Prof. & Other Ser. | 159.5 | 2.9 | 154.0 | 2.5 |
| Personal | | 66.1 | 4,154.8 | 68.1 |
| | 3,631.0 | | | |
| Miscellaneous | 318.8 | 5.8 | 375.8 | 6.2 |
| TOTAL | 5,494.5 | 100.0 | 6,098.8 | 100.0 |

External Reserves



Robust foreign investment related inflows, amid slackened credit growth, supported a hike in domestic banks' claims on the Central Bank by 31.1%. By end-March, the stock of reserves stood \$123.9 million higher at \$623.6 million, considerably in excess of the \$59.1 million accretion registered a year-earlier. The level was equivalent to 14.6 weeks of non-oil merchandise imports versus 18.5 weeks a year earlier. Useable reserves, at a

statutory minimum of 50% of the Central Bank's deposit liabilities, was \$30.3 million below the previous year's balance at \$259.2 million. Foreign currency transactions underlying developments in external reserves consisted of a sharp rise in the net purchase to \$117.5 million from \$54.2 million in 2006, as total purchases grew by 16.3% to \$254.5 million and total sales fell by 16.7% to \$137.0 million. Leading this outcome, the net intake from domestic banks improved significantly by 79.4% to \$178.7 million, whereas, the net purchase from the Government was 9.3% lower at \$8.8 million, and the net sale to public corporations broadened by 27.0% to \$70.0 million.

DOMESTIC BANKS

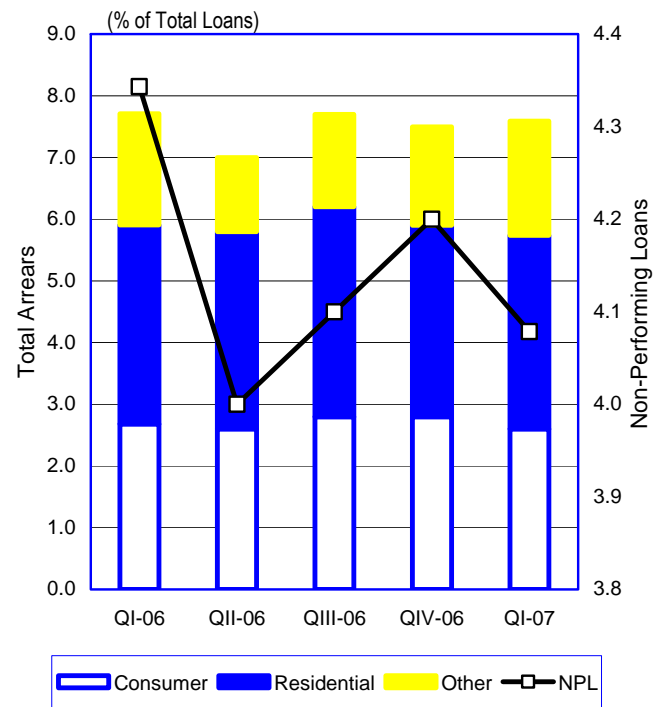
Buoyed by increased foreign currency inflows and restrained domestic credit growth, banks' deposit liabilities and corresponding liquidity measures posted appreciable gains. Private sector credit expansion abated to \$90.1 million (1.6%) during the quarter, and was outdistanced by the \$180.0 million (4.0%) hike in deposit liabilities. Reversing the previous year's growth of \$11.2 million (3.8%), the net claim on public corporations decreased by \$17.0 million (4.4%), and the decline in net credit to Government broadened more than two-fold to \$24.5 million (5.0%). Consequent on these developments, banks' claims on the Central Bank, in the form of excess cash balances, advanced strongly by \$113.3 million (30.9%). The gap between growth in domestic claims and liabilities was bridged by a \$23.7 million accumulation in capital and surplus resources, linked to increased profits and retained earnings, and by the \$2.1 million (0.3%) expansion in net foreign liabilities.

Total resident deposit liabilities rose by 3.0% to \$5,186.2 million by end-March 2007, with the majority (96.9%) denominated in Bahamian dollars. Specifically, the largest share of local currency deposits was held by private individuals (58.5%), followed by business firms (25.0%), public corporations (7.1%), and private financial institutions (2.9%); with the remaining combined balance (6.5%) attributed to Government and the 'miscellaneous' categories. After fixed balances at 57.5% of the total, the next largest component was demand (23.5%) followed by saving deposits (19.0%). A further analysis of deposits by number of accounts and range of values indicated that the majority of accounts (91.0%) had balances of \$10,000 or less, which represented roughly 8.2% of the total value

of deposits. Some 6.2% of the accounts, with balances ranging between \$10,000 – \$50,000, represented 13.6% of the deposit base. Accounts with balances in excess of \$50,000 constituted only 2.8% of the number of accounts, but a sizeable 78.2% of the value of deposits.

Banks continued to adopt a conservative posture during the review quarter, as evidenced by their asset quality ratios. The Bahamian dollar loan-loss provision ratio declined marginally to 2.1% by end-March from identical 2.3% ratios at end-December and March 2006. The ratio of provisions to non-performing loans was reduced slightly to 51.0% from 54.7% in the previous quarter and 51.8% in March 2006. Total non-performing loans—represented by accounts with past due payments of at least 3 months on which banks stopped accruing interest, were a reduced 4.1% of total loans relative to 4.2% at year-end and 4.3% at end-March 2006.

Loan Arrears & Non-Performing Balances



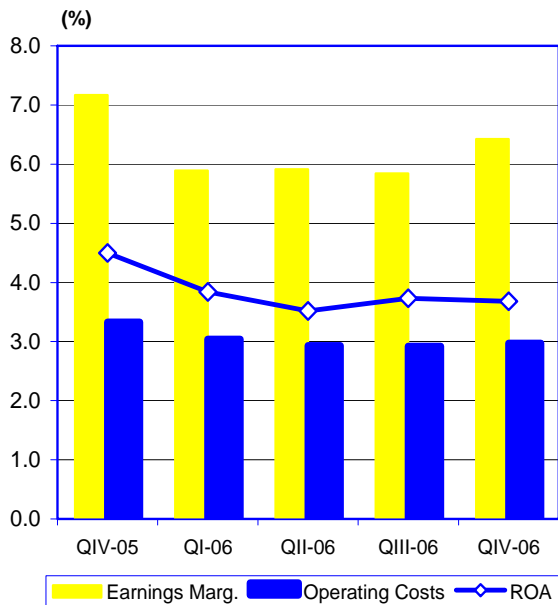
The arrears rate for balances represented by loans with past due payments of at least one month, grew marginally to 7.6%. Developments were largely influenced by a firming in the commercial loan arrears rate, by 1.7 percentage points to 9.8%, as the rate for residential

mortgages was unchanged at 7.2%, and softened for consumer loans to 7.2% from 8.0%.

BANK PROFITABILITY

The most recent data available on the earnings of domestic banks, for the fourth quarter of 2006, showed that profits remained relatively unchanged at \$71.1 million, compared to the same quarter of 2005. Despite the \$20.4 million (43.8%) increase in the interest expense, owing to growth in deposit levels and generally higher interest rates, the expansion in banks' asset base combined with higher loan rates, elevated interest income by \$29.9 million. Consequently, the net interest margin widened by 8.9% (\$9.5 million). Banks also recorded strong gains in commission and foreign exchange income of 22.7% to \$8.8 million, while non-interest operating expenses rose by 9.2% (\$4.8 million) to \$57.5 million, inclusive of higher staff (5.6%) and other operating (25.5%) costs. Occupancy expenses fell by 11.3% and the 'other' net income category registered a notable 58.9% (\$6.2 million) decline, due mainly to an almost three-fold advance in bad debt expenses to \$18.2 million, as some banks' new provisioning models produced more conservative estimates.

Domestic Banks' Profitability



Reflecting in part stronger growth in average assets, profitability ratios (to average assets) for the review

period softened. The net interest margin declined by 0.74 percentage points to 5.97%, while the contribution from commission and foreign exchange earnings was unchanged at 0.45%. Similarly, the operating cost ratio fell by 0.36 percentage points to 2.97% and the net income ratio declined by 0.82 percentage points to 3.68%.

INTEREST RATES

Interest rate conditions reflected the progressive tightening in liquidity observed in the final quarter of 2006 and the opening weeks of 2007. The quarterly weighted average spread broadened by 41 basis points to 6.69 percentage points, based on a 15 basis points gain in banks' average interest rates on new deposits to 3.66%, alongside a 56 basis points rise in the corresponding average loan rate to 10.35%.

| Banking Sector Interest Rates | | | |
|--------------------------------------|-----------------------|------------------------|-----------------------|
| Period Average (%) | | | |
| | Qtr. I <u>2006</u> | Qtr. IV <u>2006</u> | Qtr. I <u>2007</u> |
| Deposit rates | | | |
| Demand Deposits | 2.24 | 2.16 | 2.07 |
| Savings Deposits | 2.19 | 2.14 | 2.01 |
| Fixed Deposits | | | |
| Up to 3 months | 3.15 | 3.25 | 3.44 |
| Up to 6 months | 3.44 | 3.83 | 3.88 |
| Up to 12 months | 3.85 | 4.10 | 4.32 |
| Over 12 months | 4.13 | 4.32 | 4.84 |
| Weighted Avg Deposit Rate | 3.13 | 3.51 | 3.66 |
| Lending rates | | | |
| Residential mortgages | 7.94 | 7.78 | 7.93 |
| Commercial mortgages | 8.12 | 8.65 | 8.56 |
| Consumer loans | 12.01 | 11.75 | 12.15 |
| Other Local Loans | 7.66 | 7.64 | 7.82 |
| Overdrafts | 11.18 | 10.23 | 11.47 |
| Weighted Avg Loan Rate | 10.25 | 9.79 | 10.35 |

For deposits, the average savings rate was reduced by 13 basis points to 2.01%, and the comparative longer term fixed deposit rate strengthened to within a range of 3.44% - 4.84%, from 3.25% - 4.32% in the preceding quarter. On the lending side, the average rate

on overdraft facilities firmed by 1.24 percentage points to 11.47%, and advanced significantly for consumer loans and residential mortgages, by 40 and 15 basis points to 12.15% and 7.93%, respectively. In contrast, the average rate charged on commercial mortgages declined by 9 basis points to 8.56%. Continuing the firming observed in 2006, the average Treasury bill rate for 90-day issues trended upwards for the quarter, by 81 basis points to 2.55%, and was 2.19 percentage points higher than in March 2006. The benchmark rates, commercial banks' Prime and Central Bank's discount rate, were unchanged at 5.50% and 5.25%, respectively.

CAPITAL MARKETS DEVELOPMENTS

Buoyed by heightened investor confidence, local capital market indicators posted positive gains during the first quarter of 2007. The Bahamas International Securities Exchange All Share Price Index (BISX) rose 6.3% to 1,780.6 points, surpassing the 1.8% increase for the corresponding quarter of 2006. The Fidelity Capital Market Limited's Index (FINDEX)—which includes over the counter trading information—advanced by 6.1% to 787.6 points, although below last years' 7.9% rise to 595.3 points.

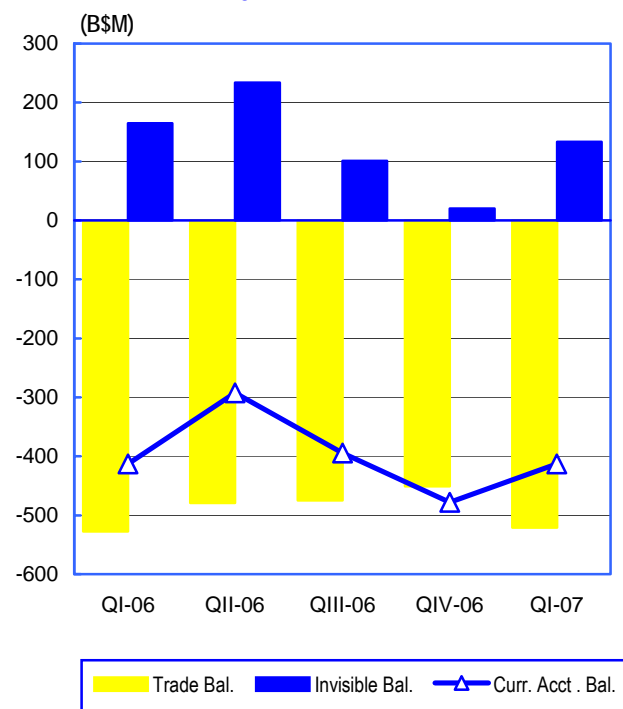
The volume of shares traded fell by 61.4% to \$0.8 million, with a corresponding 49.2% contraction in value to \$5.07 million. Despite the elimination of Kerzner International Ltd.'s Bahamian Depository Receipts (BDRs), market capitalization was 26.6% higher at \$3.4 billion, benefiting from the combined effect of improved share prices for the majority of the companies listed on the exchange, and the issuance of a total of \$17.4 million new shares by two listed companies.

INTERNATIONAL TRADE AND PAYMENTS

Preliminary estimates for the first quarter of 2007 indicated a widening in the current account deficit by 10.1% to \$454.9 million, compared to \$413.1 million in 2006. Payments associated with ongoing foreign investment projects reduced the surplus on the services account and elevated net labour income outflows; while the merchandise trade deficit softened marginally.

The trade deficit decreased by 1.2% to an estimated \$520.9 million, as lower oil import volumes reduced the fuel import bill by 8.5% to \$144.5 million and, although non-oil imports expanded by 5.6%, this was considerably below the 22.1% growth registered a year-earlier. In terms of fuel costs, the average price per barrel of gas oil decreased by 8.6% to \$64.68; jet fuel, by 5.4% to \$76.86; bunker 'c' fuel, by 52.6% to \$23.24; and propane fuel, by 1.3% to \$53.43; however, motor gas increased by 10.3% to \$87.00.

Balance of Payments



The estimated services account surplus declined by 19.0% (\$31.4 million) to \$133.7 million, owing mainly to a near doubling in net payments for foreign investment related construction services to \$74.2 million. In line with the weakening in air arrivals, net travel receipts narrowed by 2.1% to \$477.2 million; while net transportation outflows firmed by 8.7% (\$6.8 million) to \$85.4 million, on account of higher payments for both passenger and freight services. However, there were a number of mitigating developments, including an increase in offshore companies local expenses by 33.1% (\$10.8 million) to \$43.3 million, a \$7.4 million decline in net payments for

insurance services to \$14.5 million, and smaller reductions in the levels of outward payments for Government and other “miscellaneous” services.

Buoyed by higher payments to temporary workers engaged in various tourism-related building projects, the income account deficit rose by \$13.8 million to \$80.9 million. The increase attributed to investment income outflows was a mere \$2.3 million, largely associated with an expansion in non-bank companies’ outflows of \$3.1 million to \$41.4 million. Official net investment inflows softened by \$0.5 million to \$5.5 million.

Net current transfer receipts were \$3.0 million lower at \$13.2 million, led by a \$2.7 million fall-off in Government’s net inflows to \$15.1 million and an expansion in net worker remittances by \$0.3 million to \$2.2 million.

Partial estimates indicate that the surplus on the capital and financial account rose by \$46.5 million to \$308.6 million, due largely to increases in direct and other “miscellaneous” investment inflows. Capital transfers by migrant workers firmed by \$7.5 million to \$21.4 million, and direct investment inflows advanced by \$22.0 million to \$200.6 million, as the \$44.0 million reduction in equity investments was surpassed by the \$66.0 million expansion in receipts from land sales.

Further, other investment inflows strengthened by \$32.0 million to \$129.4 million, based on a \$72.2 million advance in the private sector’s net receipt of loan proceeds to \$127.0 million. In contrast, domestic banks’ capital inflows related to short-term borrowings decelerated to \$2.8 million from \$43.0 million, and the public sector’s net repayment of debt was relatively unchanged at \$0.5 million.

After adjusting for net errors and omissions, the surplus on the overall balance increased to \$123.8 million from \$59.1 million.

INTERNATIONAL ECONOMIC DEVELOPMENTS

Despite some moderation in growth among the major economies, the global economy remained resilient in the first quarter of 2007 and supported relatively stable labor market conditions. However, inflation trended upwards, amid strengthening crude oil and other major

commodity costs, influencing several central banks’ decision to reduce their level of monetary accommodation. In the currency markets, the US dollar weakened further, as the interest rate differential between the United States and other major economies’ narrowed, and that country’s current account deficit remained high. Nevertheless, investor confidence in the global economy—in spite of a sizable pullback in February—resulted in global equity indices rising over the quarter.

The United States economy lost some momentum in the opening quarter of 2007, as real GDP growth cooled to a 0.7% annual rate from 5.6% in the same period of 2006. The slowdown was attributed to less vigorous consumer spending, the continued drag from residential investment and a decline in federal spending. The services sector remained a key driver of the United Kingdom’s economy where output grew at a quarterly rate of 0.7% for the third consecutive quarter, but the level was up 2.9% from a year ago. Supported by exports and an ongoing investment boom, especially in Germany, the euro zone achieved an annualized 3.1% rate of expansion in the first quarter, which exceeded the 2.1% of last year, but was below the 3.3% of the final quarter of 2006. Japan’s quarterly economic growth weakened to an annualized 2.3% from 2.7% a year ago, and a staggering 5.3% in the previous quarter, reflecting softened business investment and exports, and a lull in housing spending. Buoyed by a rapid rise in exports, investment and consumption expenditures, output growth in China continued unabated at an annual rate of 11.1% in the first quarter, 0.7 percentage points higher than last year.

Despite some employment gains, the unemployment rate remained unchanged at 4.5% during the quarter, while the jobless rate for the United Kingdom remained in the region of 5.5%. Favourable employment trends in the euro zone have been underpinned by the progressive improvement in Germany’s labour market, where the unemployment rate declined by 2.1 percentage points in the past twelve months to 9.2%. In Asia, Japan’s jobless rate was slightly improved to 4.0%.

Amid a rebound in energy and commodity prices, consumer prices rose in most of the major economies during the first quarter. Average consumer price inflation in the United States accelerated to a 4.7% annualized rate for the review quarter, relative to a low of 0.2% last quarter. Average prices in the United Kingdom firmed by

3.1% in the year to March, compared to 3.0% in the previous quarter, while some softening in accretions to housing costs moderated the annual inflation rate in the euro area, to 1.9% in March from 2.2% in 2006. Given the softness in the economy, Japanese inflation continued to decline, with the year-on-year rate turning negative in February; whereas higher food and housing prices pushed average prices higher in China, on a year-on-year basis, to 3.3% in March, following growth of 1.5% in the previous year.

In exchange rate developments, the narrowing in the interest rate spreads between the United States and other major economies, along with signs of weakness in the US market, resulted in the dollar depreciating against most of the major currencies. On a quarterly basis, the dollar depreciated against the Pound Sterling by 0.45% to £0.51, by 1.16% to €0.75 versus the Euro. In Asia, the dollar softened against both the Japanese yen and Chinese yuan by 1.04% and 1.02%, respectively.

Global equity markets generally posted positive returns in the first quarter, although masking the short but significant market correction in February. The United States' Dow Jones Industrial Average (DJIA), which attained a new closing high in February, lost 0.9% overall to 12,354.35—its first quarterly drop since the second quarter of 2005. The meager 0.18% gain in the Standard and Poor's 500 Index (S&P 500) to 1,420.86 points concealed the dramatic sell-off that began in late February in China, amid speculations that the authorities were planning to limit the demand for stocks, and was further fuelled by worries about the impact of sub-prime mortgage lending. Robust economic activity and a stream of positive earning reports buoyed European markets, with the United Kingdom's FTSE 100 up by 5.8%, France's CAC 40, by 7.9% and Germany's DAX by 4.8%. In Asian markets, Japan's Nikkei 225 finished the quarter higher by 1.34%, while China's Shanghai Composite index soared by 145.2% to 3,184 points.

In commodity markets, crude oil prices were volatile; plunging in early January amid weak demand and high petroleum product inventories. However, by February, escalating geopolitical tensions and short-term supply bottlenecks placed oil prices on an upward trajectory,

breaking through the \$60 per barrel mark in early March. At end-March, oil prices had settled at \$66.70 per barrel, for a 9.7% hike over end-December 2006. In the precious metal market, the price of gold rose by 4.1% to \$661.75, and silver prices were up 3.4% to \$13.35 per troy ounce.

Faced with the countervailing forces of slowing economic growth and firming domestic prices, the Federal Reserve maintained the primary credit and federal funds rates, at 6.25% and 5.25%, respectively. The European Central Bank increased both its marginal lending and deposit rates, by 25 basis points each to 4.75% and 2.75%, respectively in response to rising inflationary pressures. The uptrend in average prices above its 2.0% target rate prompted the Bank of England to raise its key rate in January, by a further 25 basis points to 5.25%. As the Japanese economy continued to recover from a period of prolonged recession, the Bank of Japan raised both the overnight call rate and complimentary lending facility by 0.25 percentage points to 0.5% and 0.75, respectively. In its ongoing attempt to stem the build-up in liquidity, occasioned by massive trade surpluses which fueled external reserve growth, the People's Bank of China increased the reserve requirement ratio by 0.5 percentage points and the benchmark deposit and lending rates by 0.27 percentage points each, to 2.79% and 6.39%, respectively.

External account developments showed the United States' quarterly current account deficit higher by 2.5% at \$192.6 billion in the first quarter of 2007, and reflects increased transfers to foreigners as the trade and services deficit was virtually unchanged. The euro zone's current account gap intensified more than three-fold to €35.4 billion from €11.6 billion in the fourth quarter of 2006. In the United Kingdom, the goods and services trade deficit widened to £12.9 billion in the first quarter, from £12.2 billion in the previous period. Amidst improvements in the export sector, Japan's current account surplus widened in the first quarter on a year-on-year basis by 25.4% to ¥6.9 trillion. In China, the trade surplus decreased on a year-on-year basis, by \$4.33 billion to \$6.87 billion for the first quarter.

STATISTICAL APPENDIX

(Tables 1-16)

STATISTICAL APPENDIX

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The following symbols and conventions are used throughout this report:

1. n.a. not available
2. -- nil
3. p = provisional
4. Due to rounding, the sum of separate items may differ from the totals.

TABLE 1
FINANCIAL SURVEY

| End of Period | 2002 | | | 2003 | | | 2004 | | | 2005 | | | 2006 | | | 2007 | | | |
|------------------------------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | |
| Net foreign assets | (357.3) | 4,193.5 | 4,147.1 | 4,317.2 | 4,435.4 | 4,620.1 | 4,601.1 | 4,862.4 | 4,950.5 | 5,161.6 | 5,259.8 | 5,399.5 | 5,455.3 | (181.1) | (254.4) | (133.4) | (6.4) | (181.1) | (254.4) |
| Central Bank | 373.2 | 4,940.4 | 4,974.0 | 5,227.2 | 5,359.8 | 5,581.4 | 5,624.2 | 5,899.5 | 6,051.4 | 6,295.3 | 6,524.9 | 6,742.9 | 6,802.1 | 542.7 | 499.7 | 623.5 | 644.2 | 542.7 | 499.7 |
| Domestic Banks | (730.5) | 870.8 | 879.4 | 887.8 | (538.2) | (606.7) | (594.1) | (611.0) | (654.1) | (650.6) | (723.8) | (754.1) | (756.9) | (723.8) | (754.1) | (756.9) | (650.6) | (723.8) | (754.1) |
| Net domestic assets | 4,193.5 | 4,193.5 | 4,147.1 | 4,317.2 | 4,435.4 | 4,620.1 | 4,601.1 | 4,862.4 | 4,950.5 | 5,161.6 | 5,259.8 | 5,399.5 | 5,455.3 | (181.1) | (254.4) | (133.4) | (6.4) | (181.1) | (254.4) |
| Domestic credit | 4,940.4 | 4,940.4 | 4,974.0 | 5,227.2 | 5,359.8 | 5,581.4 | 5,624.2 | 5,899.5 | 6,051.4 | 6,295.3 | 6,524.9 | 6,742.9 | 6,802.1 | 542.7 | 499.7 | 623.5 | 644.2 | 542.7 | 499.7 |
| Public sector | 870.8 | 870.8 | 879.4 | 887.8 | (538.2) | (606.7) | (594.1) | (611.0) | (654.1) | (650.6) | (723.8) | (754.1) | (756.9) | (723.8) | (754.1) | (756.9) | (650.6) | (723.8) | (754.1) |
| Government (net) | 651.3 | 651.3 | 506.5 | 547.1 | 639.1 | 619.7 | 575.1 | 642.5 | 621.2 | 642.2 | 636.0 | 677.0 | 664.2 | 636.0 | 677.0 | 664.2 | 642.2 | 636.0 | 677.0 |
| Rest of public sector | 219.5 | 219.5 | 372.9 | 340.7 | 341.9 | 334.1 | 301.1 | 303.3 | 314.5 | 364.6 | 368.5 | 397.2 | 380.1 | 368.5 | 397.2 | 380.1 | 364.6 | 368.5 | 397.2 |
| Private sector | 4,069.6 | 4,069.6 | 4,094.6 | 4,339.4 | 4,378.8 | 4,627.6 | 4,748.0 | 4,953.7 | 5,115.7 | 5,288.5 | 5,520.4 | 5,668.7 | 5,757.8 | 5,520.4 | 5,668.7 | 5,757.8 | 5,288.5 | 5,520.4 | 5,668.7 |
| Other items (net) | (746.9) | (746.9) | (826.9) | (910.0) | (924.4) | (961.3) | (1,023.1) | (1,037.1) | (1,100.9) | (1,133.7) | (1,265.1) | (1,343.4) | (1,346.8) | (1,265.1) | (1,343.4) | (1,346.8) | (1,133.7) | (1,265.1) | (1,343.4) |
| Monetary liabilities | 3,836.2 | 3,836.2 | 4,003.3 | 4,421.5 | 4,615.8 | 4,774.5 | 4,672.2 | 4,830.2 | 4,934.2 | 5,155.2 | 5,078.7 | 5,145.1 | 5,321.9 | 5,078.7 | 5,145.1 | 5,321.9 | 5,155.2 | 5,078.7 | 5,145.1 |
| Money | 817.7 | 817.7 | 907.4 | 1,134.4 | 1,244.3 | 1,291.0 | 1,184.0 | 1,247.6 | 1,265.5 | 1,352.7 | 1,263.6 | 1,251.1 | 1,267.9 | 1,263.6 | 1,251.1 | 1,267.9 | 1,352.7 | 1,263.6 | 1,251.1 |
| Currency | 154.8 | 154.8 | 160.1 | 176.6 | 175.6 | 169.8 | 188.8 | 195.3 | 198.2 | 198.3 | 199.0 | 202.1 | 216.1 | 199.0 | 202.1 | 216.1 | 198.3 | 199.0 | 202.1 |
| Demand deposits | 662.9 | 662.9 | 747.3 | 957.8 | 1,068.7 | 1,121.2 | 995.2 | 1,052.3 | 1,067.3 | 1,154.4 | 1,064.6 | 1,049.0 | 1,051.8 | 1,064.6 | 1,049.0 | 1,051.8 | 1,154.4 | 1,064.6 | 1,049.0 |
| Quasi-money | 3,018.5 | 3,018.5 | 3,095.9 | 3,287.1 | 3,371.5 | 3,483.5 | 3,488.2 | 3,582.6 | 3,668.7 | 3,802.5 | 3,815.1 | 3,894.0 | 4,054.0 | 3,815.1 | 3,894.0 | 4,054.0 | 3,802.5 | 3,815.1 | 3,894.0 |
| Fixed deposits | 2,296.2 | 2,296.2 | 2,315.9 | 2,410.3 | 2,426.4 | 2,463.3 | 2,514.2 | 2,556.6 | 2,636.2 | 2,687.9 | 2,720.8 | 2,781.5 | 2,907.3 | 2,687.9 | 2,781.5 | 2,907.3 | 2,687.9 | 2,720.8 | 2,781.5 |
| Savings deposits | 630.7 | 630.7 | 678.8 | 779.9 | 814.6 | 852.4 | 852.6 | 881.8 | 911.6 | 931.8 | 941.1 | 953.3 | 986.2 | 941.1 | 953.3 | 986.2 | 931.8 | 941.1 | 953.3 |
| Foreign currency | 91.6 | 91.6 | 101.2 | 96.9 | 130.5 | 167.8 | 121.4 | 144.2 | 120.9 | 182.8 | 153.2 | 159.2 | 160.5 | 153.2 | 159.2 | 160.5 | 182.8 | 153.2 | 159.2 |
| Total domestic credit | 5.6 | 5.6 | 0.7 | 5.1 | 2.5 | 4.1 | 0.8 | 4.9 | 2.6 | 4.0 | 3.6 | 3.3 | 0.9 | 3.6 | 3.3 | 0.9 | 4.0 | 3.6 | 3.3 |
| Public sector | 12.3 | 12.3 | 1.0 | 1.0 | 10.5 | (2.8) | (8.1) | 7.9 | (1.1) | 7.6 | (0.2) | 6.9 | (2.8) | (0.2) | 6.9 | (2.8) | 7.6 | (0.2) | 6.9 |
| Government (net) | 4.0 | 4.0 | (22.2) | 8.0 | 16.8 | (3.0) | (7.2) | 11.7 | (3.3) | 3.4 | (1.0) | 6.4 | (1.9) | (1.0) | 6.4 | (1.9) | 3.4 | (1.0) | 6.4 |
| Rest of public sector | 47.1 | 47.1 | 69.9 | (8.6) | 0.4 | (2.3) | (9.9) | 0.7 | 3.7 | 15.9 | 1.1 | 7.8 | (4.3) | 1.1 | 7.8 | (4.3) | 15.9 | 1.1 | 7.8 |
| Private sector | 4.3 | 4.3 | 0.6 | 6.0 | 0.9 | 5.7 | 2.6 | 4.3 | 3.3 | 3.4 | 4.4 | 2.7 | 1.6 | 4.4 | 2.7 | 1.6 | 3.4 | 4.4 | 2.7 |
| Monetary liabilities | 3.2 | 3.2 | 4.4 | 10.4 | 4.4 | 3.4 | (2.1) | 3.4 | 2.2 | 4.5 | (1.5) | 1.3 | 3.4 | (1.5) | 1.3 | 3.4 | 4.5 | (1.5) | 1.3 |
| Money | 5.3 | 5.3 | 11.0 | 25.0 | 9.7 | 3.8 | (8.3) | 5.4 | 1.4 | 6.9 | (6.6) | (1.0) | 1.3 | (6.6) | (1.0) | 1.3 | 6.9 | (6.6) | (1.0) |
| Currency | 0.8 | 0.8 | 3.4 | 10.3 | (0.6) | (3.3) | 11.2 | 3.4 | 1.5 | 0.1 | 0.4 | 1.6 | 6.9 | 0.4 | 1.6 | 6.9 | 0.1 | 0.4 | 1.6 |
| Demand deposits | 6.4 | 6.4 | 12.7 | 28.2 | 11.6 | 4.9 | (11.2) | 5.7 | 1.4 | 8.2 | (7.8) | (1.5) | 0.3 | (7.8) | (1.5) | 0.3 | 8.2 | (7.8) | (1.5) |
| Quasi-money | 2.7 | 2.7 | 2.6 | 6.2 | 2.6 | 3.3 | 0.1 | 2.7 | 2.4 | 3.6 | 0.3 | 2.1 | 4.1 | 0.3 | 2.1 | 4.1 | 3.6 | 0.3 | 2.1 |

(percentage changes)

Source: The Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

| End of Period | 2002 | | | 2003 | | | 2004 | | | 2005 | | | 2006 | | | 2007 | | |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|------|------|------|-------|------|------|
| | | Mar. | Jun. | Sept. | Dec. | Mar. | Jun. | Sept. | Dec. | Mar. | Jun. | Sept. | Dec. | Mar. | Jun. | Sept. | Dec. | Mar. |
| Net foreign assets | | | | | | | | | | | | | | | | | | |
| Central Bank | (349.7) | (130.7) | 70.9 | 161.4 | 121.6 | 35.5 | (65.9) | (47.7) | (30.2) | (148.5) | (235.0) | (84.1) | | | | | | |
| Commercial banks | 373.2 | 484.3 | 667.8 | 718.6 | 761.1 | 665.2 | 578.8 | 637.8 | 644.2 | 542.7 | 499.7 | 623.5 | | | | | | |
| | (722.9) | (615.0) | (596.9) | (557.2) | (639.5) | (629.7) | (644.7) | (685.5) | (674.4) | (691.2) | (734.7) | (707.6) | | | | | | |
| Net domestic assets | 4,092.4 | 4,025.1 | 4,247.2 | 4,348.0 | 4,546.6 | 4,534.6 | 4,786.9 | 4,880.9 | 5,094.5 | 5,140.3 | 5,299.4 | 5,327.1 | | | | | | |
| Domestic credit | 4,793.2 | 4,822.8 | 5,083.1 | 5,218.9 | 5,438.3 | 5,482.6 | 5,752.7 | 5,900.8 | 6,142.5 | 6,372.6 | 6,588.8 | 6,650.8 | | | | | | |
| Public sector | 867.6 | 874.9 | 883.4 | 976.7 | 949.0 | 871.4 | 945.8 | 930.9 | 1,001.6 | 999.0 | 1,068.9 | 1,039.0 | | | | | | |
| Government (net) | 648.2 | 502.1 | 542.7 | 634.8 | 614.9 | 570.3 | 642.5 | 616.4 | 637.0 | 630.5 | 671.7 | 658.9 | | | | | | |
| Rest of public sector | 219.4 | 372.8 | 340.7 | 341.9 | 334.1 | 301.1 | 303.3 | 314.5 | 364.6 | 368.5 | 397.2 | 380.0 | | | | | | |
| Private sector | 3,925.6 | 3,947.9 | 4,199.7 | 4,242.2 | 4,489.3 | 4,611.2 | 4,806.9 | 4,969.9 | 5,140.9 | 5,373.6 | 5,519.9 | 5,611.8 | | | | | | |
| Other items (net) | (700.8) | (797.7) | (835.9) | (870.9) | (891.7) | (948.0) | (965.8) | (1,019.9) | (1,048.0) | (1,232.3) | (1,289.4) | (1,323.7) | | | | | | |
| Monetary liabilities | 3,742.7 | 3,894.4 | 4,318.1 | 4,509.4 | 4,668.2 | 4,570.1 | 4,716.1 | 4,833.2 | 5,064.3 | 4,991.8 | 5,064.4 | 5,243.0 | | | | | | |
| Money | 808.5 | 895.8 | 1,124.7 | 1,231.2 | 1,275.1 | 1,169.6 | 1,223.0 | 1,245.5 | 1,338.1 | 1,246.3 | 1,238.1 | 1,254.3 | | | | | | |
| Currency | 154.8 | 160.1 | 176.6 | 175.6 | 169.8 | 188.8 | 195.3 | 198.2 | 198.3 | 199.0 | 202.1 | 216.1 | | | | | | |
| Demand deposits | 653.7 | 735.7 | 948.1 | 1,055.6 | 1,105.3 | 980.8 | 1,027.7 | 1,047.3 | 1,139.8 | 1,047.3 | 1,036.0 | 1,038.2 | | | | | | |
| Quasi-money | 2,934.2 | 2,998.6 | 3,193.4 | 3,278.2 | 3,393.1 | 3,400.5 | 3,493.1 | 3,587.7 | 3,726.2 | 3,745.5 | 3,826.3 | 3,988.7 | | | | | | |
| Savings deposits | 630.4 | 678.5 | 779.7 | 814.3 | 852.2 | 852.4 | 881.6 | 911.5 | 931.7 | 941.1 | 953.1 | 986.0 | | | | | | |
| Fixed deposits | 2,212.2 | 2,218.8 | 2,316.8 | 2,333.4 | 2,373.1 | 2,426.8 | 2,467.4 | 2,555.3 | 2,611.7 | 2,651.2 | 2,714.1 | 2,842.2 | | | | | | |
| Foreign currency deposits | 91.6 | 101.3 | 96.9 | 130.5 | 167.8 | 121.3 | 144.1 | 120.9 | 182.8 | 153.2 | 159.1 | 160.5 | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| Total domestic credit | 5.3 | 0.6 | 5.4 | 2.7 | 4.2 | 0.8 | 4.9 | 2.6 | 4.1 | 3.7 | 3.4 | 0.9 | | | | | | |
| Public sector | 12.4 | 0.8 | 1.0 | 10.6 | (2.8) | (8.2) | 8.5 | (1.6) | 7.6 | (0.3) | 7.0 | (2.8) | | | | | | |
| Government (net) | 4.1 | (22.5) | 8.1 | 17.0 | (3.1) | (7.3) | 12.7 | (4.1) | 3.3 | (1.0) | 6.5 | (1.9) | | | | | | |
| Rest of public sector | 47.1 | 69.9 | (8.6) | 0.4 | (2.3) | (9.9) | 0.7 | 3.7 | 15.9 | 1.1 | 7.8 | (4.3) | | | | | | |
| Private sector | 3.8 | 0.6 | 6.4 | 1.0 | 5.8 | 2.7 | 4.2 | 3.4 | 3.4 | 4.5 | 2.7 | 1.7 | | | | | | |
| Monetary liabilities | 2.9 | 4.1 | 10.9 | 4.4 | 3.5 | (2.1) | 3.2 | 2.5 | 4.8 | (1.4) | 1.5 | 3.5 | | | | | | |
| Money | 5.1 | 10.8 | 25.6 | 9.5 | 3.6 | (8.3) | 4.6 | 1.8 | 7.4 | (6.9) | (0.7) | 1.3 | | | | | | |
| Currency | 0.8 | 3.4 | 10.3 | (0.6) | (3.3) | 11.2 | 3.4 | 1.5 | 0.1 | 0.4 | 1.6 | 6.9 | | | | | | |
| Demand deposits | 6.2 | 12.5 | 28.9 | 11.3 | 4.7 | (11.3) | 4.8 | 1.9 | 8.8 | (8.1) | (1.1) | 0.2 | | | | | | |
| Quasi-money | 2.3 | 2.2 | 6.5 | 2.7 | 3.5 | 0.2 | 2.7 | 2.7 | 3.9 | 0.5 | 2.2 | 4.2 | | | | | | |

Source: The Central Bank of The Bahamas

TABLE 3
CENTRAL BANK BALANCE SHEET

(B\$ Millions)

| End of Period | 2002 | | | 2003 | | | 2004 | | | 2005 | | | 2006 | | | 2007 | | |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------|------|------|
| | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. |
| Net foreign assets | 373.2 | 484.3 | 667.8 | 718.6 | 761.1 | 665.2 | 578.8 | 644.2 | 542.7 | 637.8 | 644.2 | 542.7 | 499.7 | 623.5 | 623.5 | | | |
| Balances with banks abroad | 126.3 | 183.7 | 311.1 | 344.9 | 309.3 | 230.0 | 145.4 | 210.4 | 116.8 | 210.4 | 212.1 | 116.8 | 90.5 | 226.7 | 226.7 | | | |
| Foreign securities | 238.3 | 291.3 | 347 | 364.2 | 442.7 | 426.1 | 424.4 | 418.4 | 416.47 | 418.4 | 422.8 | 416.47 | 399.8 | 387.3 | 387.3 | | | |
| Reserve position in the Fund | 8.5 | 9.3 | 9.7 | 9.5 | 9.1 | 9.1 | 9.0 | 9.0 | 9.3 | 9.0 | 9.3 | 9.3 | 9.4 | 9.5 | 9.5 | | | |
| SDR holdings | 0.1 | -- | -- | -- | -- | -- | -- | -- | 0.1 | -- | -- | 0.1 | -- | -- | -- | | | |
| Net domestic assets | 92.0 | 15.2 | (13.1) | (90.8) | (62.4) | 27.9 | 23.1 | (21.0) | 83.9 | (21.0) | (25.9) | 83.9 | 85.1 | 89.9 | 89.9 | | | |
| Net claims on Government | 172.9 | 108.4 | 141.9 | 141.4 | 167.5 | 134.7 | 122.0 | 111.3 | 182.3 | 111.3 | 129.9 | 182.3 | 182.5 | 194.2 | 194.2 | | | |
| Claims | 182.4 | 114.8 | 149.5 | 153.4 | 215.9 | 152.8 | 149.7 | 150.7 | 198.0 | 150.7 | 137.4 | 198.0 | 190.6 | 201.8 | 201.8 | | | |
| Treasury bills | 72.0 | -- | -- | -- | -- | -- | -- | -- | 43.4 | -- | -- | 43.4 | 52.2 | 49.1 | 49.1 | | | |
| Bahamas registered stock | 38.6 | 43.8 | 78.5 | 76.4 | 138.9 | 75.8 | 72.7 | 73.7 | 77.6 | 73.7 | 75.4 | 77.6 | 76.4 | 90.6 | 90.6 | | | |
| Loans and advances | 71.8 | 71.0 | 71.0 | 77.0 | 77.0 | 77.0 | 77.0 | 77.0 | 77.0 | 77.0 | 62.0 | 77.0 | 62.0 | 62.0 | 62.0 | | | |
| Deposits | (9.5) | (6.4) | (7.6) | (12.0) | (48.4) | (18.1) | (27.7) | (39.4) | (15.7) | (39.4) | (7.5) | (15.7) | (8.1) | (7.5) | (7.5) | | | |
| In local currency | (9.5) | (6.4) | (7.6) | (12.0) | (48.4) | (18.1) | (27.7) | (39.4) | (15.7) | (39.4) | (7.5) | (15.7) | (8.1) | (7.5) | (7.5) | | | |
| In foreign currency | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | |
| Deposits of rest of public sector | (10.1) | (21.6) | (87.7) | (164.1) | (153.3) | (34.0) | (26.1) | (54.1) | (12.4) | (54.1) | (77.8) | (12.4) | (18.3) | (22.8) | (22.8) | | | |
| Credit to commercial banks | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | |
| Official capital and surplus | (98.3) | (97.3) | (98.2) | (100.0) | (102.7) | (105.2) | (105.5) | (114.0) | (107.2) | (114.0) | (108.5) | (107.2) | (107.3) | (115.4) | (115.4) | | | |
| Net unclassified assets | 19.9 | 18.4 | 22.3 | 23.4 | 17.7 | 24.0 | 24.4 | 27.6 | 22.3 | 27.6 | 22.3 | 13.1 | 20.1 | 25.8 | 25.8 | | | |
| Loans to rest of public sector | 6.7 | 6.4 | 7.6 | 7.5 | 7.4 | 7.4 | 7.3 | 7.2 | 7.1 | 7.2 | 7.2 | 7.1 | 7.0 | 7.0 | 7.0 | | | |
| Public Corp Bonds/Securities | 0.9 | 0.9 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | | | |
| Liabilities To Domestic Banks | (296.5) | (324.2) | (462.2) | (436.7) | (514.0) | (489.5) | (392.0) | (403.9) | (412.4) | (403.9) | (404.9) | (412.4) | (367.3) | (481.7) | (481.7) | | | |
| Notes and coins | (66.3) | (79.6) | (78.5) | (62.1) | (69.5) | (54.9) | (105.8) | (57.0) | (59.1) | (57.0) | (60.4) | (59.1) | (116.2) | (60.3) | (60.3) | | | |
| Deposits | (230.2) | (244.6) | (383.7) | (374.6) | (444.5) | (434.6) | (286.2) | (346.9) | (353.3) | (346.9) | (344.5) | (353.3) | (251.1) | (421.4) | (421.4) | | | |
| SDR allocation | (13.9) | (15.2) | (15.9) | (15.5) | (14.9) | (14.8) | (14.6) | (14.7) | (15.1) | (14.7) | (15.1) | (15.2) | (15.4) | (15.4) | (15.4) | | | |
| Currency held by the private sector | (154.8) | (160.1) | (176.6) | (175.6) | (169.8) | (188.8) | (195.3) | (198.2) | (199.0) | (198.2) | (198.3) | (199.0) | (202.1) | (216.1) | (216.1) | | | |

Source: The Central Bank of The Bahamas

TABLE 4
DOMESTIC BANKS BALANCE SHEET

(B\$ Millions)

| End of Period | 2002 | | | 2003 | | | 2004 | | | 2005 | | | 2006 | | | 2007 | |
|--------------------------------------|---------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|--|--|------|--|
| | | | | | | | | | | | | | | | | | |
| Net foreign assets | (730.5) | (628.1) | (563.5) | (538.2) | (606.7) | (594.1) | (611.0) | (654.1) | (650.6) | (723.8) | (754.1) | (756.9) | | | | | |
| Net claims on Central Bank | 295.8 | 322.4 | 461.4 | 435.8 | 513.2 | 488.7 | 389.7 | 403.2 | 405.1 | 418.1 | 366.5 | 479.8 | | | | | |
| Notes and Coins | 66.3 | 79.6 | 78.5 | 62.1 | 69.5 | 54.9 | 105.8 | 57.0 | 60.4 | 59.1 | 116.2 | 60.3 | | | | | |
| Balances | 230.3 | 243.6 | 383.7 | 374.5 | 444.5 | 434.6 | 284.7 | 347.0 | 345.5 | 359.8 | 251.1 | 420.4 | | | | | |
| Less Central Bank credit | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | | | | | |
| Net domestic assets | 3,750.3 | 3,814.7 | 4,018.7 | 4,129.4 | 4,265.7 | 4,267.0 | 4,518.2 | 4,615.1 | 4,753.6 | 4,797.4 | 4,935.4 | 5,003.4 | | | | | |
| Net claims on Government | 478.4 | 398.1 | 405.2 | 497.7 | 452.2 | 440.4 | 528.9 | 510.0 | 512.3 | 453.8 | 494.5 | 469.9 | | | | | |
| Treasury bills | 38.8 | 47.6 | 26.7 | 85.4 | 86.5 | 48.5 | 66.1 | 78.0 | 125.3 | 34.6 | 10.0 | 18.9 | | | | | |
| Other securities | 341.2 | 369.6 | 393.3 | 398.0 | 385.6 | 414.3 | 400.5 | 413.9 | 417.8 | 447.5 | 437.1 | 446.7 | | | | | |
| Loans and advances | 170.0 | 74.5 | 78.2 | 115.5 | 85.3 | 77.0 | 150.7 | 122.6 | 75.7 | 70.9 | 156.3 | 107.7 | | | | | |
| Less: deposits | 71.6 | 93.6 | 93 | 101.2 | 105.2 | 99.4 | 88.4 | 104.5 | 106.5 | 99.2 | 108.9 | 103.3 | | | | | |
| Net claims on rest of public sector | (143.8) | 53.0 | 91.5 | 84.3 | 46.4 | 5.0 | (25.3) | (11.4) | (14.0) | (15.2) | 12.3 | 15.4 | | | | | |
| Securities | 9.4 | 18.6 | 18.6 | 21.6 | 23.6 | 20.6 | 20.6 | 22.6 | 34.3 | 34.3 | 121.1 | 118.4 | | | | | |
| Loans and advances | 202.5 | 347.0 | 313.5 | 311.8 | 302.0 | 272.1 | 265.8 | 283.6 | 322.2 | 326.1 | 268.1 | 253.7 | | | | | |
| Less: deposits | 355.7 | 312.6 | 240.6 | 249.1 | 279.2 | 287.7 | 311.7 | 317.6 | 370.5 | 375.6 | 376.8 | 356.6 | | | | | |
| Other net claims | 3.5 | 3.5 | (14.1) | (8.7) | (7.4) | (4.3) | (5.9) | (4.2) | 8.2 | (42.3) | (17.9) | (31.3) | | | | | |
| Credit to the private sector | 4069.6 | 4094.6 | 4339.4 | 4,378.8 | 4,627.6 | 4,748.0 | 4,953.7 | 5,115.7 | 5,288.5 | 5,520.4 | 5,668.7 | 5,757.8 | | | | | |
| Securities | 10.2 | 20.4 | 14.7 | 15.6 | 28.4 | 18.1 | 28.2 | 27.4 | 28.2 | 29.2 | 21.7 | 20.3 | | | | | |
| Mortgages | 1309.2 | 1438.4 | 1631.1 | 1,680.5 | 1,762.2 | 1,836.3 | 1,919.1 | 1,996.8 | 2,084.2 | 2,182.3 | 2,258.1 | 2,320.7 | | | | | |
| Loans and advances | 2,750.2 | 2,635.8 | 2,693.6 | 2,682.7 | 2,837.0 | 2,893.6 | 3,006.4 | 3,091.5 | 3,176.1 | 3,308.9 | 3,388.9 | 3,416.9 | | | | | |
| Private capital and surplus | (722.9) | (1032.5) | (1121.4) | (1,130.8) | (1,141.8) | (1,160.4) | (1,197.5) | (1,278.4) | (1,299.2) | (1,420.7) | (1,477.5) | (1,501.3) | | | | | |
| Net unclassified assets | 69.0 | 301.5 | 318.1 | 299.4 | 281.3 | 234.0 | 264.3 | 283.4 | 257.8 | 301.4 | 255.3 | 292.8 | | | | | |
| Liabilities to private sector | 3,315.3 | 3,508.9 | 3,916.6 | 4,026.9 | 4,172.2 | 4,161.6 | 4,297.1 | 4,364.2 | 4,508.1 | 4,491.7 | 4,547.8 | 4,726.4 | | | | | |
| Demand deposits | 690.5 | 766.2 | 921 | 974.8 | 1,044.6 | 999.2 | 1,092.2 | 1,066.1 | 1,161.4 | 1,128.7 | 1,112.9 | 1,124.8 | | | | | |
| Savings deposits | 634.3 | 682.1 | 783.7 | 818.5 | 856.9 | 855.1 | 885.3 | 915.1 | 937.6 | 949.0 | 956.8 | 988.3 | | | | | |
| Fixed deposits | 1990.5 | 2060.6 | 2211.9 | 2,233.6 | 2,270.7 | 2,307.3 | 2,319.6 | 2,383.0 | 2,409.1 | 2,414.0 | 2,478.1 | 2,613.3 | | | | | |

Source: The Central Bank of The Bahamas

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

(B\$'000s)

| Period | 2002 | | | | 2003 | | | | 2004 | | | | 2005 | | | | 2006 | | | |
|---|---------|---------|----------|---------|---------|---------|----------|---------|---------|---------|----------|---------|---------|---------|----------|---------|------|--|--|--|
| | 2002 | | 2003 | | 2004 | | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | | | |
| | Qtr. I | Qtr. II | Qtr. III | Qtr. IV | Qtr. I | Qtr. II | Qtr. III | Qtr. IV | Qtr. I | Qtr. II | Qtr. III | Qtr. IV | Qtr. I | Qtr. II | Qtr. III | Qtr. IV | | | | |
| 1. Interest Income | 431,664 | 435,099 | 474,049 | 533,519 | 120,307 | 126,166 | 134,328 | 152,718 | 145,220 | 156,110 | 162,343 | 182,596 | 156,110 | 162,343 | 182,596 | 182,596 | | | | |
| 2. Interest Expense | 159,892 | 164,071 | 168,412 | 178,153 | 43,723 | 43,388 | 44,443 | 46,599 | 47,289 | 53,343 | 57,013 | 67,013 | 53,343 | 57,013 | 67,013 | 67,013 | | | | |
| 3. Interest Margin (1-2) | 271,772 | 271,028 | 305,637 | 355,366 | 76,584 | 82,778 | 89,885 | 106,119 | 97,931 | 102,767 | 104,783 | 115,583 | 102,767 | 104,783 | 115,583 | 115,583 | | | | |
| 4. Commission & Forex Income | 23,368 | 23,451 | 26,425 | 28,665 | 5,787 | 6,766 | 8,950 | 7,162 | 7,134 | 6,973 | 6,648 | 8,788 | 6,973 | 6,648 | 8,788 | 8,788 | | | | |
| 5. Gross Earnings Margin (3+4) | 295,140 | 294,479 | 332,062 | 384,031 | 82,371 | 89,544 | 98,835 | 113,281 | 105,065 | 109,740 | 111,431 | 124,371 | 109,740 | 111,431 | 124,371 | 124,371 | | | | |
| 6. Staff Costs | 111,068 | 114,818 | 116,033 | 125,378 | 29,918 | 30,322 | 32,286 | 32,852 | 33,502 | 33,914 | 35,985 | 34,686 | 33,914 | 35,985 | 34,686 | 34,686 | | | | |
| 7. Occupancy Costs | 16,049 | 18,585 | 16,284 | 18,558 | 3,623 | 5,273 | 4,082 | 5,580 | 4,744 | 5,292 | 5,682 | 4,951 | 5,292 | 5,682 | 4,951 | 4,951 | | | | |
| 8. Other Operating Costs | 48,370 | 52,182 | 60,051 | 54,888 | 10,443 | 15,305 | 14,915 | 14,225 | 16,036 | 15,093 | 14,022 | 17,851 | 15,093 | 14,022 | 17,851 | 17,851 | | | | |
| 9. Operating Costs (6+7+8) | 175,487 | 185,585 | 192,368 | 198,824 | 43,984 | 50,900 | 51,283 | 52,657 | 54,282 | 54,299 | 55,689 | 57,488 | 54,299 | 55,689 | 57,488 | 57,488 | | | | |
| 10. Net Earnings Margin (5-9) | 119,653 | 108,894 | 139,694 | 185,207 | 38,387 | 38,644 | 47,552 | 60,624 | 50,783 | 55,441 | 55,742 | 66,883 | 55,441 | 55,742 | 66,883 | 66,883 | | | | |
| 11. Depreciation Costs | 10,460 | 22,803 | 9,739 | 12,625 | 3,119 | 2,843 | 3,053 | 3,610 | 2,818 | 2,842 | 2,810 | 2,618 | 2,842 | 2,810 | 2,618 | 2,618 | | | | |
| 12. Provisions for Bad Debt | 29,557 | 38,562 | 35,806 | 21,897 | 5,015 | 6,866 | 4,779 | 5,237 | 6,181 | 10,819 | 7,967 | 18,162 | 10,819 | 7,967 | 18,162 | 18,162 | | | | |
| 13. Other Income | 63,855 | 75,669 | 74,197 | 76,750 | 19,701 | 21,452 | 16,272 | 19,325 | 26,750 | 23,607 | 26,185 | 25,091 | 23,607 | 26,185 | 25,091 | 25,091 | | | | |
| 14. Other Income (Net) (13-11-12) | 23,838 | 14,304 | 28,652 | 42,228 | 11,567 | 11,743 | 8,440 | 10,478 | 17,751 | 9,946 | 15,408 | 4,311 | 9,946 | 15,408 | 4,311 | 4,311 | | | | |
| 15. Net Income (10+14) | 143,491 | 123,198 | 168,346 | 227,435 | 49,954 | 50,387 | 55,992 | 71,102 | 68,534 | 65,387 | 71,150 | 71,194 | 65,387 | 71,150 | 71,194 | 71,194 | | | | |
| 16. Effective Interest Rate Spread (%) | 6.12 | 5.99 | 6.48 | 6.45 | 6.12 | 6.32 | 6.60 | 6.76 | 6.24 | 6.28 | 6.12 | 5.96 | 6.28 | 6.12 | 5.96 | 5.96 | | | | |
| (Ratios To Average Assets) | | | | | | | | | | | | | | | | | | | | |
| Interest Margin | 4.99 | 4.71 | 4.91 | 5.42 | 4.73 | 4.94 | 5.28 | 6.71 | 5.49 | 5.54 | 5.49 | 5.97 | 5.54 | 5.49 | 5.97 | 5.97 | | | | |
| Commission & Forex Income | 0.43 | 0.41 | 0.43 | 0.44 | 0.36 | 0.40 | 0.53 | 0.45 | 0.40 | 0.38 | 0.35 | 0.45 | 0.38 | 0.35 | 0.45 | 0.45 | | | | |
| Gross Earnings Margin | 5.42 | 5.11 | 5.34 | 5.85 | 5.08 | 5.34 | 5.81 | 7.17 | 5.89 | 5.91 | 5.84 | 6.42 | 5.91 | 5.84 | 6.42 | 6.42 | | | | |
| Operating Costs | 3.22 | 3.22 | 3.09 | 3.02 | 2.71 | 3.04 | 3.01 | 3.33 | 3.04 | 2.93 | 2.92 | 2.97 | 2.93 | 2.92 | 2.97 | 2.97 | | | | |
| Net Earnings Margin | 2.20 | 1.89 | 2.25 | 2.83 | 2.37 | 2.30 | 2.79 | 3.84 | 2.85 | 2.99 | 2.92 | 3.45 | 2.99 | 2.92 | 3.45 | 3.45 | | | | |
| Net Income | 2.64 | 2.14 | 2.70 | 3.47 | 3.08 | 3.01 | 3.29 | 4.50 | 3.84 | 3.52 | 3.73 | 3.68 | 3.52 | 3.73 | 3.68 | 3.68 | | | | |

*Commercial Banks and OLFIs with domestic operations

Source: The Central Bank of The Bahamas

TABLE 6
MONEY SUPPLY

(B\$ Millions)

| End of Period | 2002 | | | 2003 | | | 2004 | | | 2005 | | | 2006 | | | 2007 | |
|--|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Dec. | Mar. |
| Money supply (M1) | 817.7 | 907.4 | 1,134.4 | 1,244.3 | 1,291.0 | 1,184.0 | 1,247.6 | 1,352.7 | 1,263.6 | 1,265.5 | 1,352.7 | 1,263.6 | 1,251.1 | 1,352.7 | 1,263.6 | 1,251.1 | 1,267.9 |
| 1) Currency in active circulation | 154.8 | 160.1 | 176.6 | 175.6 | 169.8 | 188.8 | 195.3 | 198.3 | 199.0 | 198.2 | 198.3 | 199.0 | 202.1 | 198.3 | 199.0 | 202.1 | 216.1 |
| 2) Demand deposits | 662.9 | 747.3 | 957.8 | 1,068.7 | 1,121.2 | 995.2 | 1,052.3 | 1,154.4 | 1,064.6 | 1,067.3 | 1,154.4 | 1,064.6 | 1,049.0 | 1,154.4 | 1,064.6 | 1,049.0 | 1,051.8 |
| Central Bank | 10.1 | 21.7 | 87.7 | 164.1 | 153.3 | 34.0 | 26.1 | 78.2 | 12.4 | 54.1 | 78.2 | 12.4 | 18.3 | 78.2 | 12.4 | 18.3 | 22.8 |
| Domestic Banks | 652.8 | 725.6 | 870.1 | 904.6 | 967.9 | 961.2 | 1,026.2 | 1,076.2 | 1,052.2 | 1,013.2 | 1,076.2 | 1,052.2 | 1,030.7 | 1,076.2 | 1,052.2 | 1,030.7 | 1,029.0 |
| Factors affecting changes in money (M1) | | | | | | | | | | | | | | | | | |
| 1) Net credit to Government | 651.3 | 506.5 | 547.1 | 639.1 | 619.7 | 575.1 | 642.5 | 642.2 | 636.0 | 621.2 | 642.2 | 636.0 | 677.0 | 642.2 | 636.0 | 677.0 | 664.2 |
| Central Bank | 172.9 | 108.4 | 141.9 | 141.4 | 167.5 | 134.7 | 122.0 | 129.9 | 182.3 | 111.2 | 129.9 | 182.3 | 182.5 | 129.9 | 182.3 | 182.5 | 194.2 |
| Domestic Banks | 478.4 | 398.1 | 405.2 | 497.7 | 452.2 | 440.4 | 520.5 | 512.3 | 453.7 | 510.0 | 512.3 | 453.7 | 494.5 | 512.3 | 453.7 | 494.5 | 470.0 |
| 2) Other credit | 4,289.1 | 4,467.5 | 4,680.1 | 4,720.7 | 4,961.7 | 5,049.1 | 5,257.0 | 5,653.1 | 5,888.9 | 5,430.2 | 5,653.1 | 5,888.9 | 6,065.9 | 5,653.1 | 5,888.9 | 6,065.9 | 6,137.9 |
| Rest of public sector | 219.5 | 372.9 | 340.7 | 341.9 | 334.1 | 301.1 | 303.3 | 364.6 | 368.5 | 314.5 | 364.6 | 368.5 | 397.2 | 364.6 | 368.5 | 397.2 | 380.1 |
| Private sector | 4,069.6 | 4,094.6 | 4,339.4 | 4,378.8 | 4,627.6 | 4,748.0 | 4,953.7 | 5,288.5 | 5,520.4 | 5,115.7 | 5,288.5 | 5,520.4 | 5,668.7 | 5,288.5 | 5,520.4 | 5,668.7 | 5,757.8 |
| 3) External reserves | 373.2 | 484.3 | 667.8 | 718.6 | 761.1 | 665.2 | 578.8 | 644.2 | 542.7 | 637.8 | 644.2 | 542.7 | 499.7 | 644.2 | 542.7 | 499.7 | 623.5 |
| 4) Other external liabilities (net) | (730.5) | (628.1) | (563.5) | (538.2) | (606.7) | (594.1) | (611.0) | (650.6) | (723.8) | (654.1) | (650.6) | (723.8) | (754.1) | (650.6) | (723.8) | (754.1) | (756.9) |
| 5) Quasi money | 3,018.5 | 3,095.9 | 3,287.1 | 3,371.5 | 3,483.5 | 3,488.2 | 3,582.6 | 3,802.5 | 3,815.1 | 3,668.7 | 3,802.5 | 3,815.1 | 3,894.0 | 3,802.5 | 3,815.1 | 3,894.0 | 4,054.0 |
| 6) Other items (net) | (746.9) | (826.9) | (910.0) | (924.4) | (961.3) | (1,023.1) | (1,037.1) | (1,133.7) | (1,265.1) | (1,100.9) | (1,133.7) | (1,265.1) | (1,343.4) | (1,133.7) | (1,265.1) | (1,343.4) | (1,346.8) |

Source: The Central Bank of The Bahamas

TABLE 7
CONSUMER INSTALMENT CREDIT*

| End of Period | 2003 | | | 2004 | | | 2005 | | | 2006 | | | 2007 |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------|------|
| | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. | Mar. |
| CREDIT OUTSTANDING | | | | | | | | | | | | | |
| Private cars | 221,334 | 212,679 | 209,922 | 207,781 | 209,879 | 228,421 | 216,465 | 222,787 | 226,337 | 228,421 | 231,191 | | |
| Taxis & rented cars | 2,054 | 2,349 | 2,431 | 2,323 | 2,317 | 2,568 | 2,322 | 2,340 | 2,502 | 2,568 | 2,305 | | |
| Commercial vehicles | 4,254 | 5,212 | 6,224 | 6,681 | 6,038 | 6,829 | 6,173 | 6,551 | 6,588 | 6,829 | 7,024 | | |
| Furnishings & domestic appliances | 12,727 | 13,972 | 15,220 | 15,673 | 17,309 | 19,658 | 17,667 | 18,277 | 18,768 | 19,658 | 20,018 | | |
| Travel | 40,815 | 40,814 | 38,601 | 41,454 | 41,435 | 42,898 | 39,489 | 42,151 | 46,929 | 45,944 | 42,898 | | |
| Education | 49,903 | 46,926 | 46,430 | 48,891 | 47,737 | 52,858 | 48,393 | 48,257 | 53,095 | 52,858 | 52,219 | | |
| Medical | 13,662 | 13,811 | 13,921 | 14,157 | 14,446 | 17,320 | 14,940 | 16,227 | 16,691 | 17,320 | 18,149 | | |
| Home Improvements | 109,296 | 114,199 | 115,461 | 128,838 | 134,334 | 152,851 | 137,988 | 142,222 | 145,557 | 152,851 | 154,103 | | |
| Land Purchases | 120,265 | 150,096 | 154,998 | 165,735 | 174,645 | 201,318 | 177,630 | 186,023 | 190,508 | 201,318 | 212,473 | | |
| Consolidation of debt | 343,660 | 346,795 | 350,391 | 391,303 | 413,193 | 469,828 | 429,545 | 439,948 | 447,458 | 459,791 | 469,828 | | |
| Miscellaneous | 334,267 | 374,008 | 374,827 | 392,602 | 412,162 | 505,010 | 425,763 | 438,374 | 463,648 | 489,122 | 505,010 | | |
| Credit Cards | 148,265 | 166,073 | 160,526 | 172,367 | 188,058 | 223,774 | 186,643 | 196,474 | 210,102 | 226,401 | 223,774 | | |
| TOTAL | 1,400,502 | 1,486,934 | 1,487,323 | 1,513,774 | 1,587,805 | 1,661,553 | 1,703,018 | 1,759,631 | 1,828,183 | 1,903,081 | 1,938,992 | | |
| NET CREDIT EXTENDED | | | | | | | | | | | | | |
| Private cars | (23,844) | (8,655) | (3,124) | (455) | 2,098 | 2,770 | 6,586 | 6,322 | 3,550 | 2,084 | 2,770 | | |
| Taxis & rented cars | 78 | 295 | (24) | 106 | (6) | (263) | 5 | 18 | 162 | 66 | (263) | | |
| Commercial vehicles | (259) | 958 | 550 | 462 | (643) | 195 | 135 | 378 | 37 | 241 | 195 | | |
| Furnishings & domestic appliances | (1,804) | 1,245 | 557 | 691 | 1,636 | 360 | 358 | 610 | 491 | 890 | 360 | | |
| Travel | (2,320) | (1) | (2,208) | (5) | (19) | (3,046) | (1,946) | 2,662 | 4,778 | (985) | (3,046) | | |
| Education | (9,584) | (2,977) | (496) | (682) | (1,154) | (639) | 656 | (136) | 4,838 | (237) | (639) | | |
| Medical | (656) | 149 | 110 | 81 | 289 | 829 | 494 | 1,287 | 464 | 629 | 829 | | |
| Home Improvements | (2,505) | 4,903 | 1,266 | 7,168 | 5,496 | 1,252 | 3,654 | 4,234 | 3,335 | 7,294 | 1,252 | | |
| Land Purchases | 9,790 | 29,831 | 4,902 | 5,885 | 8,910 | 11,155 | 2,985 | 8,393 | 4,485 | 10,810 | 11,155 | | |
| Consolidation of debt | (7,282) | 3,135 | 3,639 | 10,709 | 21,890 | 10,037 | 16,352 | 10,403 | 7,510 | 12,333 | 10,037 | | |
| Miscellaneous | (8,359) | 39,741 | 827 | 1,683 | 19,560 | 15,888 | 13,601 | 12,611 | 25,274 | 25,474 | 15,888 | | |
| Credit Cards | (10,519) | 17,808 | (5,547) | 808 | 15,691 | (2,627) | (1,415) | 9,831 | 13,628 | 16,299 | (2,627) | | |
| TOTAL | (57,264) | 86,432 | 452 | 26,451 | 73,748 | 35,911 | 41,465 | 56,613 | 68,552 | 74,898 | 35,911 | | |

Source: The Central Bank of The Bahamas

* Includes both demand and add-on loans

TABLE 8
SELECTED AVERAGE INTEREST RATES

(%)

| Period | 2004 | | 2005 | | 2006 | | 2007 | | |
|--------------------------------|--------|---------|----------|---------|--------|---------|----------|---------|-------|
| | 2004 | 2005 | 2005 | 2006 | 2006 | 2007 | 2007 | 2007 | |
| | Qtr. I | Qtr. II | Qtr. III | Qtr. IV | Qtr. I | Qtr. II | Qtr. III | Qtr. IV | |
| DOMESTIC BANKS | | | | | | | | | |
| Deposit rates | | | | | | | | | |
| Savings deposits | 2.57 | 2.26 | 2.16 | 2.10 | 2.19 | 2.13 | 2.16 | 2.14 | 2.01 |
| Fixed deposits | | | | | | | | | |
| Up to 3 months | 3.69 | 3.13 | 3.17 | 3.04 | 3.15 | 3.13 | 3.16 | 3.25 | 3.44 |
| Up to 6 months | 4.46 | 3.41 | 3.63 | 3.28 | 3.44 | 3.60 | 3.63 | 3.83 | 3.88 |
| Up to 12 months | 4.26 | 3.58 | 3.93 | 3.53 | 3.85 | 3.88 | 3.88 | 4.10 | 4.32 |
| Over 12 months | 4.30 | 3.62 | 4.18 | 3.53 | 4.13 | 4.10 | 4.15 | 4.32 | 4.84 |
| Weighted average rate | 3.83 | 3.22 | 3.36 | 3.11 | 3.31 | 3.30 | 3.31 | 3.51 | 3.66 |
| Lending rates | | | | | | | | | |
| Residential mortgages | 8.81 | 8.08 | 7.85 | 7.82 | 7.94 | 7.82 | 7.84 | 7.78 | 7.93 |
| Commercial mortgages | 9.17 | 8.10 | 8.37 | 8.15 | 8.12 | 8.42 | 8.30 | 8.65 | 8.56 |
| Consumer loans | 12.96 | 12.22 | 11.96 | 12.59 | 12.01 | 11.97 | 12.10 | 11.75 | 12.15 |
| Overdrafts | 11.67 | 10.86 | 10.56 | 10.84 | 11.18 | 10.38 | 10.44 | 10.23 | 11.47 |
| Weighted average rate | 11.27 | 10.34 | 9.97 | 10.69 | 10.25 | 9.90 | 9.93 | 9.79 | 10.35 |
| Other rates | | | | | | | | | |
| Prime rate | 6.00 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| Treasury bill (90 days) | 0.55 | 0.14 | 0.87 | 0.06 | 0.36 | 0.69 | 0.69 | 1.74 | 2.55 |
| Treasury bill re-discount rate | 1.05 | 0.64 | 1.37 | 0.56 | 0.86 | 1.19 | 1.19 | 2.24 | 3.05 |
| Bank rate (discount rate) | 5.75 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 |

Source: The Central Bank of The Bahamas

TABLE 9
SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS

| Period | 2004 | | | | 2005 | | | | 2006 | | | | 2007 | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2003 | Qtr. I | Qtr. II | Qtr. III | Qtr. IV | Qtr. I | Qtr. II | Qtr. III | Qtr. IV | Qtr. I | Qtr. II | Qtr. III | Qtr. IV | Qtr. I |
| Loan Portfolio | | | | | | | | | | | | | | |
| Current Loans (as a % of loans total) | 89.9 | 90.8 | 92.0 | 92.3 | 92.0 | 92.3 | 93.0 | 92.4 | 92.5 | 92.4 | 93.0 | 92.4 | 92.5 | 92.4 |
| Arrears (% by loan type) | | | | | | | | | | | | | | |
| Consumer | 3.5 | 2.9 | 3.0 | 2.4 | 2.8 | 2.7 | 2.6 | 2.8 | 2.8 | 2.7 | 2.6 | 2.8 | 2.8 | 2.6 |
| Mortgage | 4.0 | 3.8 | 3.7 | 3.5 | 3.6 | 3.2 | 3.2 | 3.4 | 3.1 | 3.2 | 3.2 | 3.4 | 3.1 | 3.1 |
| Commercial | 2.6 | 2.5 | 1.8 | 1.8 | 1.6 | 1.8 | 1.2 | 1.4 | 1.6 | 1.8 | 1.2 | 1.4 | 1.6 | 1.9 |
| Public | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Arrears | 10.1 | 9.2 | 8.5 | 7.7 | 8.0 | 7.7 | 7.0 | 7.6 | 7.5 | 7.7 | 7.0 | 7.6 | 7.5 | 7.6 |
| Total B\$ Loan Portfolio | 100.0 | 100.0 | 100.0 | 100.0 | 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 loans total) | 89.9 | 90.8 | 91.5 | 92.3 | 92.0 | 92.3 | 93.0 | 92.4 | 92.5 | 92.4 | 93.0 | 92.4 | 92.5 | 92.4 |
| Arrears (% by days outstanding) | | | | | | | | | | | | | | |
| 30 - 60 days | 3.2 | 2.9 | 2.8 | 2.3 | 2.7 | 2.7 | 2.3 | 2.4 | 2.5 | 2.7 | 2.3 | 2.4 | 2.5 | 2.7 |
| 61 - 90 days | 1.8 | 1.5 | 0.9 | 0.9 | 1.0 | 0.7 | 0.7 | 1.2 | 0.9 | 0.7 | 0.7 | 1.2 | 0.9 | 0.8 |
| 90 - 179 days | 1.1 | 0.8 | 1.0 | 0.9 | 0.9 | 0.9 | 0.7 | 0.8 | 0.9 | 0.9 | 0.7 | 0.8 | 0.9 | 0.8 |
| over 180 days | 4.0 | 4.0 | 3.8 | 3.6 | 3.4 | 3.4 | 3.3 | 3.2 | 3.2 | 3.4 | 3.3 | 3.2 | 3.2 | 3.3 |
| Total Arrears | 10.1 | 9.2 | 8.5 | 7.7 | 8.0 | 7.7 | 7.0 | 7.6 | 7.5 | 7.7 | 7.0 | 7.6 | 7.5 | 7.6 |
| Total B\$ Loan Portfolio | 100.0 | 100.0 | 100.0 | 100.0 | 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 | 39.9 | 39.7 | 37.9 | 32.9 | 33.9 | 35.1 | 36.5 | 37.0 | 35.0 | 35.1 | 36.5 | 37.0 | 35.0 | 31.9 |
| Mortgage | 38.4 | 38.8 | 41.0 | 41.8 | 42.9 | 41.6 | 44.3 | 41.7 | 40.9 | 41.6 | 44.3 | 41.7 | 40.9 | 42.7 |
| Other Private | 21.7 | 21.4 | 21.0 | 25.2 | 23.1 | 23.2 | 19.1 | 21.2 | 24.0 | 23.2 | 19.1 | 21.2 | 24.0 | 25.4 |
| Public | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total Non Accrual Loans | 100.0 | 100.0 | 100.0 | 100.0 | 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 | 3.7 | 4.0 | 3.5 | 3.3 | 3.0 | 3.1 | 3.3 | 3.5 | 3.4 | 3.1 | 3.3 | 3.5 | 3.4 | 2.8 |
| Mortgage | 1.2 | 1.2 | 1.4 | 1.4 | 1.3 | 1.5 | 1.5 | 1.3 | 1.3 | 1.5 | 1.5 | 1.3 | 1.3 | 1.2 |
| Other Private | 0.9 | 1.0 | 1.6 | 1.7 | 1.6 | 2.3 | 2.3 | 2.3 | 2.5 | 2.3 | 2.3 | 2.3 | 2.5 | 2.8 |
| Public | 0.0 | 0.0 | 0.1 | 0.4 | 0.3 | 0.3 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Provisions to Total Loans | 2.1 | 2.2 | 2.2 | 2.1 | 2.0 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.1 |
| Total Provisions to Non-performing Loans | 40.2 | 45.0 | 45.1 | 46.0 | 44.9 | 51.8 | 57.7 | 56.5 | 54.2 | 51.8 | 57.7 | 56.5 | 54.2 | 51.0 |
| Total Non-performing Loans to Total Loans | 5.1 | 4.8 | 4.8 | 4.6 | 4.5 | 4.3 | 4.0 | 4.1 | 4.2 | 4.3 | 4.0 | 4.1 | 4.2 | 4.1 |

Source: The Central Bank of The Bahamas

Figures may not sum to total due to rounding.

TABLE 10
SUMMARY OF BANK LIQUIDITY

| End of Period | (B\$ Millions) | | | | | | | | | | | | | | | | | |
|---|----------------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|------|------|------|------|------|------|
| | 2002 | | | 2003 | | | 2004 | | | 2005 | | | 2006 | | | 2007 | | |
| | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. | Mar. | Jun. | Dec. |
| I. Statutory Reserves | | | | | | | | | | | | | | | | | | |
| Required reserves | 183.4 | 187.2 | 205.3 | 211.5 | 217.0 | 222.4 | 226.3 | 228.6 | 238.0 | 244.6 | 244.7 | 248.5 | | | | | | |
| Average Till Cash | 55.3 | 66.7 | 70.2 | 57.8 | 64.9 | 60.8 | 86.5 | 60.8 | 67.8 | 68.2 | 96.9 | 67.9 | | | | | | |
| Average balance with central bank | 217.8 | 250.2 | 407.5 | 385.9 | 444.1 | 446.1 | 332.2 | 357.5 | 355.9 | 348.5 | 265.7 | 379.6 | | | | | | |
| Free cash reserves (period ended) | 88.9 | 128.9 | 271.6 | 231.4 | 291.2 | 283.7 | 191.5 | 189.0 | 184.9 | 171.2 | 117.2 | 198.3 | | | | | | |
| II. Liquid Assets (period) | | | | | | | | | | | | | | | | | | |
| A. Minimum required Liquid assets | 589.9 | 615.6 | 677.2 | 691.9 | 717.8 | 731.1 | 752.2 | 768.5 | 797.6 | 800.4 | 802.5 | 813.6 | | | | | | |
| B. Net Eligible Liquid Assets | 687.6 | 772.3 | 909.7 | 955.3 | 1021.5 | 973.2 | 895.6 | 937.8 | 990.4 | 964.2 | 865.6 | 988.9 | | | | | | |
| i) Balance with Central Bank | 230.3 | 243.5 | 383.7 | 374.5 | 444.6 | 434.6 | 284.7 | 347.0 | 345.5 | 359.8 | 251.1 | 420.4 | | | | | | |
| ii) Notes and Coins | 66.8 | 80.1 | 79.0 | 62.6 | 70.0 | 55.4 | 106.3 | 57.5 | 60.9 | 59.6 | 116.7 | 60.8 | | | | | | |
| iii) Treasury Bills | 38.8 | 47.6 | 26.7 | 85.4 | 86.4 | 48.5 | 66.1 | 78.0 | 125.3 | 34.6 | 10.0 | 18.9 | | | | | | |
| iv) Government registered stocks | 335.3 | 369.5 | 393.3 | 402.3 | 390.4 | 419.1 | 400.4 | 413.9 | 417.8 | 447.5 | 437.1 | 446.7 | | | | | | |
| v) Specified assets | 17.9 | 26.8 | 24.9 | 27.8 | 27.5 | 26.3 | 26.0 | 28.0 | 39.3 | 39.0 | 39.9 | 39.7 | | | | | | |
| vi) Net Inter-bank dem/call deposits | (0.7) | 5.6 | 2.9 | 3.5 | 3.4 | (9.9) | 12.9 | 14.2 | 2.4 | 24.5 | 11.7 | 3.3 | | | | | | |
| vii) Less: borrowings from central bank | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | | | | | | |
| C. Surplus/(Deficit) | 97.7 | 156.7 | 232.5 | 263.4 | 303.7 | 242.1 | 143.4 | 169.3 | 192.8 | 163.8 | 63.1 | 175.4 | | | | | | |

Source: The Central Bank of The Bahamas

**TABLE 11
GOVERNMENT OPERATIONS AND FINANCING**

(B\$ Millions)

| Period | 2005/06p | | | | | | Budget | | | | | | 2005/06p | | | | | | 2006/07p | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|--|
| | 2004/05p | | 2005/06p | | 2005/06 | | 2006/07 | | 2005/06p | | 2005/06p | | 2005/06p | | 2006/07p | | 2006/07p | | 2006/07p | | 2006/07p | | | |
| | QTR. I | QTR. II | QTR. I | QTR. II | QTR. I | QTR. II | QTR. I | QTR. II | QTR. I | QTR. II | QTR. I | QTR. II | QTR. I | QTR. II | QTR. I | QTR. II | QTR. I | QTR. II | QTR. I | QTR. II | QTR. I | QTR. II | | |
| Total Revenue & Grants | 1,039.4 | 1,221.5 | 1,132.8 | 1,339.0 | 271.8 | 273.4 | 311.3 | 365.0 | 326.9 | 299.1 | 299.1 | 351.9 | 351.9 | 326.9 | 299.1 | 299.1 | 351.9 | 351.9 | 326.9 | 299.1 | 299.1 | 351.9 | | |
| Current expenditure | 1,053.1 | 1,149.6 | 1,145.7 | 1,269.6 | 260.9 | 286.3 | 289.6 | 312.8 | 283.4 | 299.5 | 299.5 | 334.5 | 334.5 | 283.4 | 299.5 | 299.5 | 334.5 | 334.5 | 283.4 | 299.5 | 299.5 | 334.5 | | |
| Capital expenditure | 90.4 | 123.5 | 132.9 | 162.4 | 26.4 | 23.6 | 31.3 | 42.2 | 30.3 | 35.2 | 35.2 | 36.1 | 36.1 | 30.3 | 35.2 | 35.2 | 36.1 | 36.1 | 30.3 | 35.2 | 35.2 | 36.1 | | |
| Net lending | 71.4 | 54.5 | 31.5 | 32.4 | 4.8 | 14.3 | 15.1 | 20.3 | 9.7 | 18.0 | 18.0 | 16.9 | 16.9 | 9.7 | 18.0 | 18.0 | 16.9 | 16.9 | 9.7 | 18.0 | 18.0 | 16.9 | | |
| Overall balance | (175.5) | (106.1) | (177.3) | (125.4) | (20.3) | (50.7) | (24.8) | (10.4) | 3.6 | (53.6) | (53.6) | (35.6) | (35.6) | 3.6 | (53.6) | (53.6) | (35.6) | (35.6) | 3.6 | (53.6) | (53.6) | (35.6) | | |
| FINANCING (I+II-III+IV+V) | 175.4 | 106.1 | 177.3 | 125.4 | 20.3 | 50.7 | 24.8 | 10.4 | (3.6) | 53.6 | 53.6 | (14.4) | (14.4) | 3.6 | 53.6 | 53.6 | (14.4) | (14.4) | 3.6 | 53.6 | 53.6 | (14.4) | | |
| I. Foreign currency borrowing | 2.9 | 8.7 | 30.6 | 32.7 | -- | 3.9 | 1.4 | 3.4 | 1.0 | 2.5 | 2.5 | 1.4 | 1.4 | 1.0 | 2.5 | 2.5 | 1.4 | 1.4 | 1.0 | 2.5 | 2.5 | 1.4 | | |
| External | 2.9 | 5.3 | 30.6 | 32.7 | -- | 3.9 | 1.4 | 0.0 | 1.0 | 2.5 | 2.5 | 1.4 | 1.4 | 1.0 | 2.5 | 2.5 | 1.4 | 1.4 | 1.0 | 2.5 | 2.5 | 1.4 | | |
| Domestic | -- | 3.4 | ... | ... | -- | -- | -- | 3.4 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| II. Bahamian dollar borrowing | 325.1 | 201.7 | 201.6 | 195.3 | 75.0 | -- | 75.0 | 51.6 | 115.0 | -- | -- | -- | -- | 115.0 | -- | -- | -- | -- | 115.0 | -- | -- | -- | | |
| i) Treasury bills | 13.1 | -- | ... | ... | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| Central Bank | 13.1 | -- | ... | ... | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| Commercial banks & OLFIs | -- | -- | ... | ... | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| Public corporations | -- | -- | ... | ... | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| Other | -- | -- | ... | ... | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| ii) Long-term securities | 306.3 | 201.7 | ... | ... | 75.0 | -- | 75.0 | 51.6 | 100.0 | -- | -- | 50.0 | 50.0 | 100.0 | -- | -- | 50.0 | 50.0 | 100.0 | -- | -- | 50.0 | | |
| Central Bank | 55.9 | 11.5 | ... | ... | 5.0 | -- | 4.0 | 2.5 | 5.0 | -- | -- | 20.0 | 20.0 | 5.0 | -- | -- | 5.0 | 20.0 | 5.0 | -- | -- | 20.0 | | |
| Commercial banks & OLFIs | 46.3 | 35.2 | ... | ... | 11.4 | -- | 11.4 | 12.4 | 34.9 | -- | -- | -- | -- | 34.9 | -- | -- | -- | -- | 34.9 | -- | -- | -- | | |
| Public corporations | 125.6 | 25.3 | ... | ... | 15.5 | -- | 6.3 | 3.5 | 19.1 | -- | -- | 30.0 | 30.0 | 19.1 | -- | -- | 30.0 | 30.0 | 19.1 | -- | -- | 30.0 | | |
| Other | 78.5 | 129.6 | ... | ... | 43.1 | -- | 53.3 | 33.2 | 41.0 | -- | -- | -- | -- | 41.0 | -- | -- | -- | -- | 41.0 | -- | -- | -- | | |
| iii) Loans and Advances | 5.7 | -- | ... | ... | -- | -- | -- | -- | 15.0 | -- | -- | -- | -- | 15.0 | -- | -- | -- | -- | 15.0 | -- | -- | -- | | |
| Central Bank | 5.7 | -- | ... | ... | -- | -- | -- | -- | 15.0 | -- | -- | -- | -- | 15.0 | -- | -- | -- | -- | 15.0 | -- | -- | -- | | |
| Commercial banks | -- | -- | ... | ... | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| III Debt repayment | 98.4 | 62.1 | 54.9 | 102.6 | 0.7 | 11.1 | 21.7 | 28.6 | 35.7 | 17.5 | 17.5 | 11.3 | 11.3 | 35.7 | 17.5 | 17.5 | 11.3 | 11.3 | 35.7 | 17.5 | 17.5 | 11.3 | | |
| Domestic | 92.6 | 58.1 | 50.8 | 94.7 | -- | 10.0 | 21.0 | 27.1 | 35.0 | 15.9 | 15.9 | 10.5 | 10.5 | 35.0 | 15.9 | 15.9 | 10.5 | 10.5 | 35.0 | 15.9 | 15.9 | 10.5 | | |
| Bahamian dollars | 92.6 | 57.2 | 50.8 | 94.7 | -- | 10.0 | 21.0 | 26.2 | 35.0 | 15.0 | 15.0 | 10.5 | 10.5 | 35.0 | 15.0 | 15.0 | 10.5 | 10.5 | 35.0 | 15.0 | 15.0 | 10.5 | | |
| Internal foreign currency | -- | 0.9 | ... | ... | -- | -- | -- | 0.9 | -- | 0.9 | 0.9 | -- | -- | -- | 0.9 | 0.9 | -- | -- | -- | 0.9 | 0.9 | -- | | |
| External | 5.8 | 4.0 | 4.1 | 7.9 | 0.7 | 1.1 | 0.7 | 1.5 | 0.7 | 1.6 | 1.6 | 0.8 | 0.8 | 0.7 | 1.6 | 1.6 | 0.8 | 0.8 | 0.7 | 1.6 | 1.6 | 0.8 | | |
| IV. Cash balance change | (45.8) | 39.5 | ... | ... | 36.1 | 1.5 | (27.9) | 29.9 | (0.8) | (2.1) | (2.1) | 9.9 | 9.9 | (0.8) | (2.1) | (2.1) | 9.9 | 9.9 | (0.8) | (2.1) | (2.1) | 9.9 | | |
| V. Other Financing | (8.3) | (81.6) | ... | ... | (90.1) | 56.5 | (2.0) | (45.9) | (83.1) | 70.7 | 70.7 | (14.5) | (14.5) | (83.1) | 70.7 | 70.7 | (14.5) | (14.5) | (83.1) | 70.7 | 70.7 | (14.5) | | |

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

TABLE 12
NATIONAL DEBT

| End of Period | (B\$' 000s) | | | | | | | | | |
|-------------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|-----------|
| | 2004p | | 2005p | | 2006p | | 2007p | | | Mar. |
| | 2004p | 2005p | 2006p | 2006p | 2006p | Sept. | Dec. | 2007p | | |
| TOTAL EXTERNAL DEBT | 284,611 | 286,528 | 288,400 | 287,247 | 285,748 | 287,504 | 288,400 | 289,049 | | |
| By Instrument | | | | | | | | | | |
| Government Securities | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | | 225,000 |
| Loans | 59,611 | 61,528 | 63,400 | 62,247 | 60,748 | 62,504 | 63,400 | 64,049 | | 64,049 |
| By Holder | | | | | | | | | | |
| Commercial banks | -- | -- | -- | -- | -- | -- | -- | -- | | -- |
| Offshore financial institutions | -- | -- | -- | -- | -- | -- | -- | -- | | -- |
| Multilateral institutions | 59,611 | 61,528 | 63,400 | 62,247 | 60,748 | 62,504 | 63,400 | 64,049 | | 64,049 |
| Bilateral Institutions | -- | -- | -- | -- | -- | -- | -- | -- | | -- |
| Private Capital Markets | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | | 225,000 |
| TOTAL INTERNAL DEBT | 1,813,297 | 1,948,696 | 2,094,191 | 2,002,696 | 2,030,593 | 2,110,593 | 2,094,191 | 2,133,690 | | 2,133,690 |
| By Instrument | | | | | | | | | | |
| Foreign Currency | -- | -- | 1,580 | -- | 2,482 | 2,482 | 1,580 | 1,580 | | 1,580 |
| Government securities | -- | -- | -- | -- | -- | -- | -- | -- | | -- |
| Loans | -- | -- | 1,580 | -- | 2,482 | 2,482 | 1,580 | 1,580 | | 1,580 |
| Bahamian Dollars | 1,813,297 | 1,948,696 | 2,092,611 | 2,002,696 | 2,028,111 | 2,108,111 | 2,092,611 | 2,132,110 | | 2,132,110 |
| Advances | 71,019 | 76,988 | 61,988 | 76,988 | 61,988 | 76,988 | 61,988 | 61,988 | | 61,988 |
| Treasury bills | 179,400 | 192,469 | 192,469 | 192,469 | 192,469 | 192,469 | 192,469 | 192,469 | | 192,469 |
| Government securities | 1,552,633 | 1,668,993 | 1,829,908 | 1,723,993 | 1,764,908 | 1,829,908 | 1,829,908 | 1,869,908 | | 1,869,908 |
| Loans | 10,245 | 10,246 | 8,246 | 9,246 | 8,746 | 8,746 | 8,246 | 7,745 | | 7,745 |
| By Holder | | | | | | | | | | |
| Foreign Currency | -- | -- | 1,580 | -- | 2,482 | 2,482 | 1,580 | 1,580 | | 1,580 |
| Commercial banks | -- | -- | 1,580 | -- | 2,482 | 2,482 | 1,580 | 1,580 | | 1,580 |
| Other local financial institutions | -- | -- | -- | -- | -- | -- | -- | -- | | -- |
| Bahamian Dollars | 1,813,297 | 1,948,696 | 2,092,611 | 2,002,696 | 2,028,111 | 2,108,111 | 2,092,611 | 2,132,110 | | 2,132,110 |
| The Central Bank | 149,535 | 149,682 | 190,824 | 150,663 | 137,376 | 198,066 | 190,824 | 202,109 | | 202,109 |
| Commercial banks | 427,858 | 463,385 | 450,974 | 474,637 | 532,394 | 471,108 | 450,974 | 468,353 | | 468,353 |
| Other local financial institutions | 4,321 | 4,811 | 5,271 | 4,811 | 4,815 | 4,860 | 5,271 | 5,271 | | 5,271 |
| Public corporations | 717,098 | 763,092 | 764,486 | 742,862 | 698,129 | 747,576 | 764,486 | 761,637 | | 761,637 |
| Other | 514,485 | 567,726 | 681,056 | 629,722 | 655,396 | 686,501 | 681,056 | 694,740 | | 694,740 |
| TOTAL FOREIGN CURRENCY DEBT | 284,611 | 286,528 | 289,980 | 287,247 | 288,230 | 289,986 | 289,980 | 290,629 | | 290,629 |
| TOTAL DIRECT CHARGE | 2,097,908 | 2,235,224 | 2,382,591 | 2,289,943 | 2,316,341 | 2,398,096 | 2,382,591 | 2,422,739 | | 2,422,739 |
| TOTAL CONTINGENT LIABILITIES | 439,852 | 497,206 | 498,567 | 499,217 | 508,935 | 503,174 | 498,567 | 491,332 | | 491,332 |
| TOTAL NATIONAL DEBT | 2,537,760 | 2,732,430 | 2,881,158 | 2,789,160 | 2,825,276 | 2,901,271 | 2,881,158 | 2,914,071 | | 2,914,071 |

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) | | | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|--|----------------|----------------|----------------|----------------|----------------|
| | 2004p | | | 2005p | | | 2006p | | | 2007p | | |
| | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. |
| Outstanding debt at beginning of period | 616,967 | 579,270 | 551,011 | 570,407 | 582,905 | 629,623 | 288,545 | 284,611 | 286,528 | 287,247 | 288,230 | 289,986 |
| Government | 288,545 | 284,611 | 286,528 | 287,247 | 288,230 | 289,986 | 328,422 | 294,659 | 264,483 | 283,160 | 304,099 | 292,919 |
| Public Corporations | 328,422 | 294,659 | 264,483 | 283,160 | 304,099 | 292,919 | 28,304 | 42,862 | 31,472 | 34,784 | 2,439 | 59,473 |
| Government | 4,240 | 4,974 | 9,700 | 3,386 | 2,439 | 1,403 | 4,240 | 4,974 | 1,402 | 3,386 | 2,439 | 1,403 |
| Public corporations | 24,064 | 37,888 | 118,468 | 31,398 | -- | 57,000 | 24,064 | 37,888 | 30,070 | 31,398 | -- | 57,000 |
| Less Amortization | 66,001 | 71,121 | 49,556 | 12,862 | 11,863 | 12,755 | 8,174 | 3,057 | 683 | 2,403 | 683 | 2,479 |
| Government | 8,174 | 3,057 | 6,248 | 2,403 | 683 | 2,479 | 57,827 | 68,064 | 11,393 | 10,459 | 11,180 | 10,276 |
| Public corporations | 57,827 | 68,064 | 43,308 | 10,459 | 11,180 | 10,276 | 579,270 | 551,011 | 570,407 | 592,329 | 582,905 | 629,623 |
| Outstanding debt at end of period | 579,270 | 551,011 | 629,623 | 592,329 | 582,905 | 629,623 | 284,611 | 286,528 | 287,247 | 288,230 | 289,986 | 290,629 |
| Government | 284,611 | 286,528 | 289,980 | 288,230 | 289,986 | 289,980 | 294,659 | 264,483 | 283,160 | 304,099 | 292,919 | 330,234 |
| Public corporations | 294,659 | 264,483 | 339,643 | 304,099 | 292,919 | 339,643 | 27,340 | 30,178 | 3,796 | 13,118 | 5,152 | 4,475 |
| Government | 18,203 | 18,141 | 18,254 | 8,643 | 427 | 8,761 | 9,137 | 12,037 | 3,374 | 4,475 | 4,725 | 4,387 |
| Public corporations | 9,137 | 12,037 | 16,961 | 4,475 | 4,725 | 4,387 | 93,341 | 101,299 | 15,872 | 25,980 | 17,015 | 25,903 |
| Debt Service | 26,377 | 21,198 | 24,502 | 11,046 | 11,110 | 11,240 | 26,377 | 21,198 | 1,105 | 11,046 | 1,110 | 11,240 |
| Government | 26,377 | 21,198 | 24,502 | 11,046 | 11,110 | 11,240 | 66,964 | 80,101 | 14,767 | 14,934 | 15,905 | 14,663 |
| Public corporations | 66,964 | 80,101 | 60,269 | 14,934 | 15,905 | 14,663 | Debt Service ratio | 3.4 | 1.9 | 3.2 | 2.3 | 3.3 |
| Government debt Service/ Government revenue (%) | 2.7 | 1.9 | 1.9 | 3.0 | 0.3 | 3.8 | Government debt Service/ Government revenue (%) | 2.7 | 1.9 | 3.0 | 0.3 | 3.8 |
| MEMORANDUM | | | | | | | | | | | | |
| Holder distribution (B\$ Mil): | | | | | | | | | | | | |
| Commercial banks | 236.7 | 215.9 | 293.4 | 261.2 | 251.1 | 293.4 | | | 235.8 | 261.2 | 251.1 | 293.4 |
| Offshore Financial Institutions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | 0.0 |
| Multilateral Institutions | 113.1 | 109.5 | 105.5 | 105.7 | 106.5 | 105.5 | | | 109.2 | 105.7 | 106.5 | 105.5 |
| Bilateral Institutions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 4.4 | 0.5 | 5.7 | 0.4 | 0.3 | 5.7 | | | 0.5 | 0.4 | 0.3 | 5.7 |
| Private Capital Markets | 225.0 | 225.0 | 225.0 | 225.0 | 225.0 | 225.0 | | | 225.0 | 225.0 | 225.0 | 225.0 |

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) | | | | | | | | | | | |
|---|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2004p | | | 2005p | | | 2006p | | | 2007 | | |
| | Qtr.Ip | Qtr.IIp | Qtr.IIIP | Qtr.Ip | Qtr.IIp | Qtr.IIIP | Qtr.Ip | Qtr.IIp | Qtr.IIIP | Qtr.Ip | Qtr.IIp | Qtr.IIIP |
| A. Current Account Balance (I+II+III+IV) | (305.2) | (814.5) | (1,577.3) | (111.8) | (177.1) | (250.1) | (275.5) | (412.9) | (292.2) | (394.4) | (477.8) | (454.9) |
| I. Merchandise (Net) | (1,427.6) | (1,809.6) | (1,932.0) | (417.6) | (487.7) | (433.7) | (470.6) | (527.4) | (478.8) | (474.9) | (450.9) | (520.9) |
| Exports | 477.4 | 589.6 | 692.2 | 112.0 | 135.4 | 170.6 | 171.6 | 165.1 | 161.7 | 181.7 | 183.7 | 174.4 |
| Imports | 1,905.0 | 2,399.2 | 2,624.2 | 529.6 | 623.1 | 604.3 | 642.2 | 692.5 | 640.5 | 656.6 | 634.6 | 695.3 |
| II. Services (Net) | 1,012.6 | 1,113.1 | 520.4 | 316.5 | 357.0 | 218.1 | 221.5 | 165.2 | 233.8 | 101.2 | 20.2 | 133.7 |
| Transportation | (249.4) | (312.9) | (288.5) | (76.6) | (88.3) | (78.5) | (69.5) | (78.5) | (74.0) | (65.6) | (70.4) | (85.4) |
| Travel | 1,568.9 | 1,725.4 | 1,671.2 | 479.1 | 524.9 | 377.7 | 343.7 | 487.6 | 510.0 | 342.9 | 330.7 | 477.2 |
| Insurance Services | (81.6) | (97.1) | (119.3) | (22.3) | (21.5) | (22.5) | (30.8) | (21.9) | (33.2) | (34.3) | (29.9) | (14.5) |
| Offshore Companies Local Expenses | 136.1 | 148.2 | 188.1 | 23.3 | 23.9 | 43.4 | 57.6 | 32.5 | 34.0 | 45.6 | 76.0 | 43.3 |
| Other Government | (29.2) | (50.4) | (68.4) | (8.5) | (21.2) | (7.8) | (12.9) | (21.0) | (5.1) | (8.9) | (33.4) | (18.3) |
| Other Services | (332.2) | (300.1) | (862.7) | (78.5) | (60.8) | (94.2) | (66.6) | (233.5) | (197.9) | (178.5) | (252.8) | (268.6) |
| III. Income (Net) | (141.0) | (203.3) | (217.8) | (59.0) | (65.6) | (43.6) | (35.1) | (67.0) | (66.2) | (27.0) | (57.6) | (80.9) |
| 1. Compensation of Employees | (63.2) | (73.2) | (92.9) | (20.0) | (18.9) | (15.8) | (18.5) | (41.1) | (19.2) | (16.3) | (16.3) | (52.6) |
| 2. Investment Income | (77.8) | (130.1) | (125.0) | (39.0) | (46.7) | (27.8) | (16.6) | (25.9) | (47.0) | (10.7) | (41.4) | (28.3) |
| IV. Current Transfers (Net) | 250.8 | 85.3 | 52.1 | 48.3 | 19.2 | 9.1 | 8.7 | 16.3 | 19.0 | 6.3 | 10.5 | 13.2 |
| 1. General Government | 59.7 | 59.1 | 58.3 | 14.6 | 21.3 | 12.0 | 11.2 | 17.8 | 20.0 | 9.0 | 11.5 | 15.1 |
| 2. Private Sector | 191.1 | 26.2 | (6.2) | 33.7 | (2.1) | (2.9) | (2.5) | (1.5) | (1.0) | (2.7) | (1.0) | (1.9) |
| B. Capital and Financial Account (I+II) | 479.8 | 633.0 | 1,140.0 | 178.9 | 172.6 | 147.5 | 134.0 | 262.1 | 134.8 | 308.5 | 434.6 | 308.5 |
| (excl. Reserves) | | | | | | | | | | | | |
| I. Capital Account (Net Transfers) | (47.9) | (60.4) | (63.5) | (11.4) | (13.6) | (22.3) | (13.1) | (13.8) | (14.2) | (21.8) | (13.7) | (21.4) |
| II. Financial Account (Net) | 527.7 | 693.4 | 1,203.5 | 190.3 | 186.2 | 169.8 | 147.1 | 275.9 | 149.0 | 330.3 | 448.3 | 329.9 |
| 1. Direct Investment | 442.9 | 563.9 | 705.8 | 146.9 | 108.3 | 191.4 | 117.3 | 178.6 | 100.5 | 139.8 | 286.9 | 200.6 |
| 2. Portfolio Investment | -- | -- | (18.8) | -- | -- | -- | -- | -- | (12.5) | (6.3) | -- | -- |
| 3. Other Investments | 84.8 | 129.5 | 516.5 | 43.4 | 77.9 | (21.6) | 29.8 | 97.3 | 61.0 | 196.8 | 161.4 | 129.3 |
| Central Gov't Long Term Capital | (4.2) | 1.1 | 1.9 | (0.2) | -- | (0.7) | 2.0 | 0.7 | (1.5) | 1.8 | 0.9 | 0.6 |
| Other Public Sector Capital | (16.5) | (9.8) | (6.1) | (2.7) | (2.2) | (3.2) | (1.7) | (1.2) | (1.9) | (1.1) | (1.9) | (1.1) |
| Banks | (64.5) | 47.6 | 143.0 | (25.3) | 68.5 | (12.5) | 16.9 | 43.0 | (3.5) | 73.2 | 30.3 | 2.8 |
| Other | 170.1 | 90.6 | 377.7 | 71.6 | 11.6 | (5.2) | 12.6 | 54.8 | 67.9 | 122.9 | 132.1 | 127.0 |
| C. Net Errors and Omissions | 9.1 | 92.6 | 358.1 | (16.4) | 47.1 | 6.8 | 55.1 | 209.9 | 163.7 | (15.7) | 0.2 | 270.2 |
| D. Overall Balance (A+B+C) | 183.7 | (88.9) | (79.1) | 50.7 | 42.6 | (95.8) | (86.4) | 59.1 | 6.3 | (101.6) | (42.9) | 123.8 |
| E. Financing (Net) | (183.7) | 88.9 | 79.1 | (50.7) | (42.6) | 95.8 | 86.4 | (59.1) | (6.3) | 101.6 | 42.9 | (123.8) |
| Change in SDR holdings | -- | 0.0 | 0.1 | -- | -- | (0.1) | 0.1 | -- | -- | -- | 0.1 | -- |
| Change in Reserve Position with the IMF | (0.4) | 0.7 | (0.5) | 0.3 | 0.3 | -- | 0.1 | (0.1) | (0.2) | -- | (0.2) | -- |
| Change in Ext. Foreign Assets () = Increase | (183.3) | 88.2 | 79.6 | (51.0) | (42.9) | 95.9 | 86.2 | (59.0) | (6.1) | 101.6 | 43.1 | (123.8) |

Source: The Central Bank of the Bahamas

* Figures may not sum to total due to rounding

TABLE 15
EXTERNAL TRADE

| | (B\$ '000) | | | | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2001 | | | 2002 | | | 2003 | | | 2004 | | |
| | Qtr. I | Qtr. II | Qtr. III | Qtr. I | Qtr. II | Qtr. III | Qtr. I | Qtr. II | Qtr. III | Qtr. I | Qtr. II | Qtr. III |
| I. OIL TRADE | | | | | | | | | | | | |
| i) Exports | 68,844 | 90,579 | 24,477 | 37,745 | 10,309 | 3 | 14,165 | -- | 7,836 | 9,375 | 9,552 | 10,982 |
| ii) Imports | 292,807 | 237,630 | 257,263 | 286,374 | 67,329 | 72,191 | 55,038 | 62,705 | 70,256 | 75,242 | 78,175 | 62,701 |
| II. OTHER MERCHANDISE | | | | | | | | | | | | |
| Domestic Exports | | | | | | | | | | | | |
| Crawfish | 67,696 | 89,809 | 106,381 | 86,107 | 36,422 | 529 | 19,275 | 50,155 | 19,432 | 3,399 | 18,409 | 44,867 |
| Fish & other Crustacea | 4,211 | 1,712 | 1,773 | 1,285 | 843 | -- | 538 | 392 | 426 | 389 | 378 | 92 |
| Fruits & Veggies. | 7,514 | 2,013 | 2,000 | 1,369 | 542 | 239 | 34 | 1,185 | 853 | -- | 281 | 235 |
| Aragonite | 278 | 291 | 478 | 80 | -- | 84 | 394 | -- | 6 | 74 | -- | -- |
| Rum | 38,190 | 37,760 | 22,024 | 31,344 | 19,094 | 2,622 | 93 | 215 | 8,632 | 7,319 | 8,235 | 7,158 |
| Other Cordials & Liqueurs | 195 | 110 | 48 | 35 | -- | 23 | 22 | 3 | 3 | 26 | 6 | -- |
| Crude Salt | 13,507 | 8,389 | 13,636 | 12,457 | 7,392 | -- | 6,244 | -- | 4,016 | 3,456 | 2,156 | 2,829 |
| Hormones | 573 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Chemicals | 13,124 | 433 | 49 | -- | 2 | 47 | -- | -- | -- | -- | -- | -- |
| Other Pharmaceuticals | 81 | 2,313 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Fragrances | 64 | 423 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other | 83,115 | 85,742 | 117,726 | 107,550 | 27,127 | 21,017 | 46,996 | 22,586 | 28,408 | 27,516 | 21,028 | 30,598 |
| i) Total Domestic Exports | 228,548 | 228,995 | 264,115 | 240,227 | 91,422 | 24,561 | 73,596 | 74,536 | 61,776 | 42,179 | 50,493 | 85,779 |
| ii) Re-Exports | 78,490 | 69,203 | 76,235 | 123,338 | 16,059 | 23,246 | 19,520 | 17,410 | 21,426 | 55,156 | 17,585 | 29,171 |
| iii) Total Exports (i+ii) | 307,038 | 298,198 | 340,350 | 363,565 | 107,481 | 47,807 | 93,116 | 91,946 | 83,202 | 97,335 | 68,078 | 114,950 |
| iv) Imports | 1,635,942 | 1,600,835 | 1,616,895 | 1,690,140 | 394,326 | 378,858 | 413,980 | 429,731 | 425,444 | 401,637 | 397,509 | 465,550 |
| v) Retained Imports (iv-ii) | 1,557,452 | 1,531,632 | 1,540,660 | 1,566,802 | 378,267 | 355,612 | 394,460 | 412,321 | 404,018 | 346,481 | 379,924 | 436,379 |
| vi) Trade Balance (i-v) | -1,328,904 | -1,302,637 | -1,276,545 | -1,326,575 | -286,845 | -331,051 | -320,864 | -337,785 | -342,242 | -304,302 | -329,431 | -350,600 |

Source: Department of Statistics Quarterly Statistical Summaries

TABLE 16
SELECTED TOURISM STATISTICS

| Period | 2005r | | | 2006p | | | 2007p | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Qtr. I | Qtr. II | Qtr. III | Qtr. IV | Qtr. I | Qtr. II | Qtr. III | Qtr. IV | Qtr. I | |
| Visitor Arrivals | 4,779,417 | 4,730,607 | 1,291,480 | 1,066,194 | 1,196,650 | 1,285,708 | 1,310,123 | 1,036,799 | 1,097,977 | 1,274,045 |
| Air | 1,514,532 | 1,491,633 | 394,922 | 358,664 | 329,142 | 410,156 | 449,996 | 334,010 | 297,471 | 389,597 |
| Sea | 3,264,885 | 3,238,974 | 896,558 | 707,530 | 867,508 | 875,552 | 860,127 | 702,789 | 800,506 | 884,448 |
| Visitor Type | | | | | | | | | | |
| Stopover | 1,608,153 | 1,600,112 | 426,435 | 465,355 | 333,214 | 423,753 | 495,583 | 357,726 | 323,050 | n.a. |
| Cruise | 3,078,709 | 3,076,397 | 848,714 | 729,294 | 846,976 | 839,777 | 797,684 | 662,164 | 776,772 | 854,457 |
| Day/Transit | 83,619 | 68,085 | 22,036 | 25,025 | 15,743 | 17,933 | 19,875 | 15,165 | 15,112 | n.a. |
| Tourist Expenditure(B\$ 000's) | 2,068,859 | 2,056,428 | 557,726 | 594,683 | 433,407 | 566,722 | 597,559 | 457,719 | 434,429 | n.a. |
| Stopover | 1,883,863 | 1,880,300 | 505,260 | 551,162 | 384,093 | 517,798 | 550,619 | 420,766 | 391,118 | n.a. |
| Cruise | 179,979 | 172,043 | 51,144 | 42,019 | 48,369 | 47,848 | 45,748 | 36,043 | 42,404 | n.a. |
| Day | 5,017 | 4,085 | 1,322 | 1,502 | 945 | 1,076 | 1,193 | 910 | 907 | n.a. |
| Number of Hotel Nights | 3,224,892 | 3,266,878 | 798,222 | 809,061 | 806,068 | 827,956 | 831,916 | 806,698 | 800,308 | n.a. |
| Average Length of Stay | 6.4 | 6.4 | 6.7 | 6.2 | 6.0 | 6.8 | 6.3 | 5.9 | 6.7 | n.a. |
| Average Hotel Occupancy Rates (%) | | | | | | | | | | |
| New Providence | 75.4 | 76.9 | 80.7 | 81.1 | 74.1 | 83.3 | 83.4 | 75.4 | 65.8 | n.a. |
| Grand Bahama | 63.7 | 52.0 | 68.0 | 68.5 | 58.8 | 70.0 | 57.7 | 43.5 | 36.8 | n.a. |
| Other Family Islands | 39.4 | 36.5 | 44.0 | 50.6 | 33.4 | 35.6 | 51.1 | 30.8 | 28.8 | n.a. |
| Average Nightly Room Rates (\$) | | | | | | | | | | |
| New Providence | 164.8 | 172.0 | 190.1 | 175.1 | 149.7 | 189.2 | 182.9 | 159.0 | 156.7 | n.a. |
| Grand Bahama | 109.8 | 122.3 | 123.3 | 108.8 | 97.9 | 143.7 | 133.7 | 98.8 | 113.0 | n.a. |
| Other Family Islands | 190.1 | 205.1 | 196.1 | 187.3 | 201.3 | 223.8 | 213.0 | 184.0 | 199.7 | n.a. |

Source: The Ministry of Tourism

GROSS ECONOMIC CONTRIBUTION OF THE FINANCIAL SECTOR IN THE BAHAMAS (2006)

INTRODUCTION

The Central Bank has compiled annual data on the gross economic contribution of the financial sector to the Bahamian economy, dating back to 1973. The current exercise focuses primarily on an analysis of the licensing, employment and expenditure trends of banks and trust companies operating in The Bahamas and summarises important developments in the insurance sector, investment funds industry and capital markets over the review period. To provide a more comprehensive sectoral assessment, efforts are ongoing to obtain greater specificity with respect to the contribution of corporate and financial service providers.

As the second pillar of the Bahamian economy, the financial sector contributes, on average, an estimated 15%-20% of the Gross Domestic Product (GDP). A combination of factors continue to support The Bahamas' success in financial services, principal among which are the diverse pool of skilled professionals, a commitment to remain up-to-date in the provision of financial products, and strong emphasis on ensuing compliance with international standards and regulations. Traditionally, banking and trust activities account for the largest share of the sector, with domestic banks offering retail banking services, and international institutions specializing primarily in wealth and portfolio management.

BANKING SECTOR

The 2006 survey data indicates that the financial sector continued to contribute positively to the growth of the Bahamian economy, as evidenced by sustained improvements in employment, salaries and capital investments by banks and trust companies.

During the year, the total number of banks and trust companies licensed to operate from or within The Bahamas declined by 2 to 248 compared to the previous year, with public bank and trust licensees reduced by 6 to 143, while restricted and non-active licenses increased by 4 to 105. Public institutions included 90 Bahamian incorporated entities, 31 euro currency branches of foreign banks and trust companies, and 22 domestic banks. Of the

latter, 9 were Authorized Agents and Dealers (commercial banks), and 13 Authorized Agents, which primarily provide trust and wealth management services. The number of entities licensed to operate under the Central Bank's physical presence policy rose by 2 to 215, while the remaining 33 licenses functioned under restrictive management agreements with the approval of the Central Bank.

Preliminary data for the first nine months of 2006 on the asset base of international banks and trust companies indicated an improvement of \$35.6 billion (11.7%) to \$339.4 billion at end-September 2006. Total assets of the domestic banks expanded by 12.1% to \$7.8 billion; and profits were up by 27.9% to \$300.8 million. Consequently, the sector experienced an improvement in its average return on assets ratio, from 3.57% in 2005 to an estimated 4.02% in 2006.

EMPLOYMENT

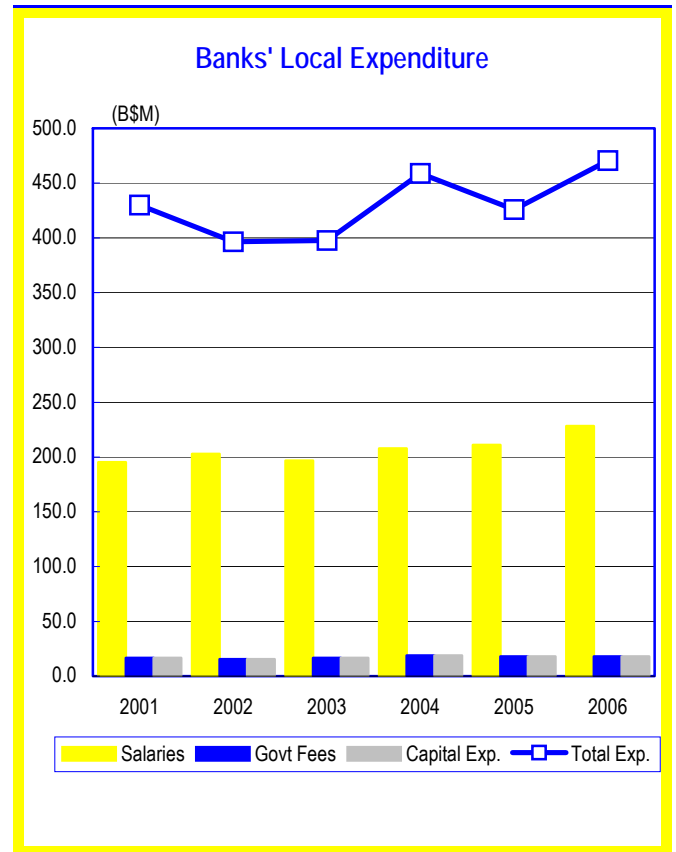
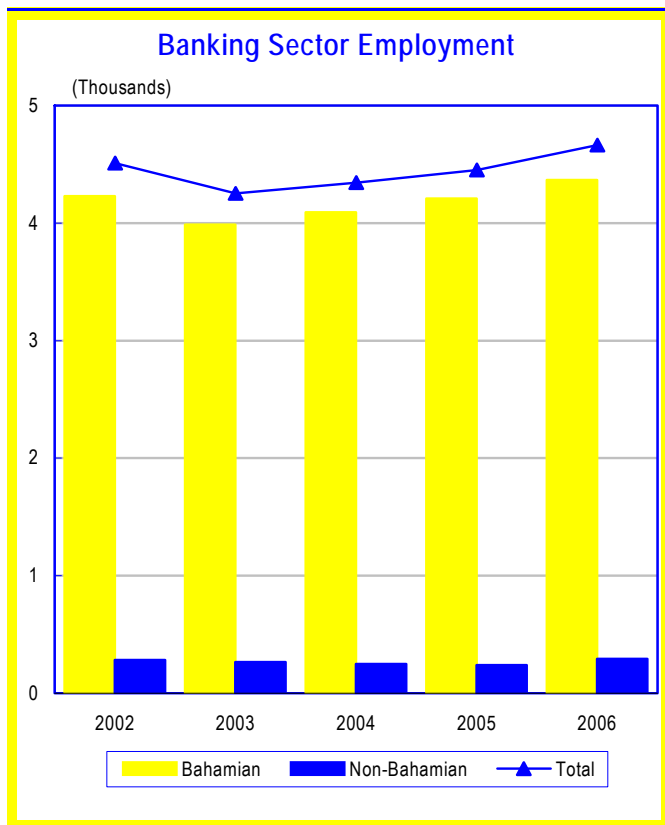
Reflecting the continued recovery in the banking sector, the total number of persons employed rose for the third consecutive year, by 211 (4.74%) to 4,662 in 2006. Specifically, the number of Bahamians employed increased by 158 (3.8%) to 4,368 and accounted for 93.7% of the total workforce. The number of expatriate employees rose by 22% (53) to 294, to represent 6.3% of the workforce, a turnaround from the 4.0% decrease registered in 2005. This development reflected expansions in banking operations, as the range of services provided to clients increased, coupled with continued efforts by the sector to comply with the Central Bank's physical presence requirements. Moreover, employment growth supported the industry's pressing need for high-skilled, bilingual employees, for both front and back end office functions.

EXPENDITURE

Higher operational costs and capital expenditures elevated banks' total spending in 2006 by 10.5% (\$44.6 million) to \$470.5 million. This outturn completely reversed 2005's decline of 7.2% (\$32.9 million), and was significantly above the average outlay of \$421.7 million over the past five years.

Following 2005's 3.7% contraction, operational expenditures strengthened by 9.0% to \$445.0 million, although accounting for a slightly reduced 94.6% of total outlays. Administrative costs rose by \$19.4 million to \$195.9 million, reversing the \$18.4 million decline in 2005. This was largely explained by generally higher wages and employment levels, which boosted salary expenses by 8.1% to \$228.2 million—outpacing both the previous year's increase of 1.6% and the 2.0% average growth for the five years through 2005. Reflecting a return to the upward trend observed over the 2000–2004 period, the average salary paid to employees rose by 3.2% to \$48,958, in contrast to a 0.9% decline in 2005, which followed on a general fall in the number of persons employed in the offshore sector. Expenditures related to staff training were marginally increased to \$2.8 million, and Government fees stabilized at \$18.0 million.

ises, as the number of bank branches rose by 16 (16.8%) to 111. In contrast, renovation expenses declined by 6.6%.



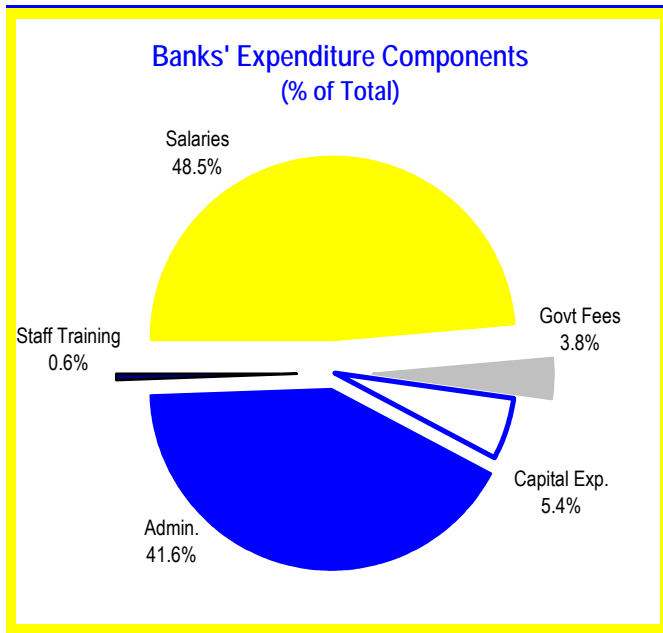
Capital spending escalated by 45.0% to \$25.5 million, a rebound from the 49.4% contraction recorded during 2005. In particular, investments in land and office equipment purchases rose strongly by 61.3%, along with a 28.4% expansion in investments related to new prem-

DOMESTIC VERSUS INTERNATIONAL BANKING

The disaggregation of banking institutions into domestic and offshore operations allows for the comparison of the more labor intensive, retail banking operations of the domestic sector with the generally more skill intensive, high value-added services of the international banking sector.

Reflective of efforts by banks to expand their market presence and increase the range of services provided, employment within domestic banks and trust companies rose by 3.9% (133) to 3,557. Employment growth in the offshore sector was comparatively stronger at 7.6% (78 persons) to 1,105. Consequently, domestic entities' share of total employment in the banking sector fell marginally by 0.6 percentage points to 76.3%. The number of Bahamians employed in the domestic sector rose by 124 persons to 3,499, and expatriate employment, by

9 to 58. As a result, the ratio of Bahamian to non-Bahamian employees fell from 69:1 in 2005 to 60:1.

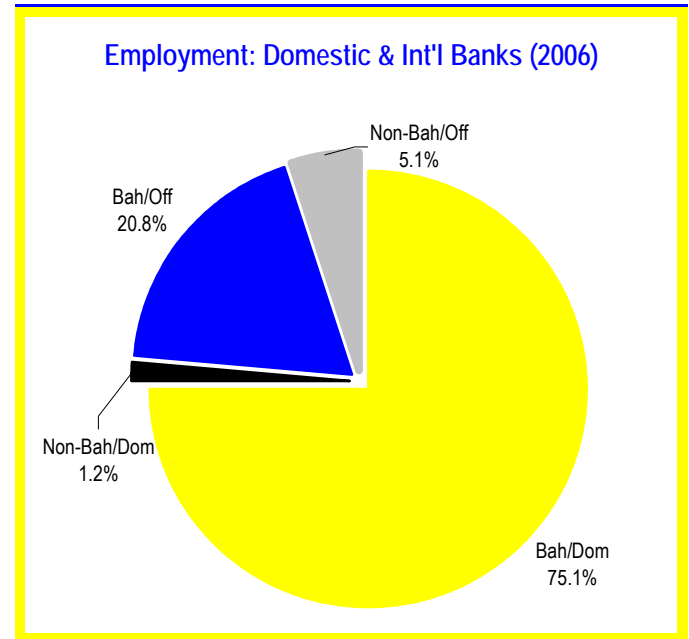


In the offshore sector, Bahamian employment was up by 4.1% to 869 persons, behind the 22.9% hike in non-Bahamian employment to 236. However, the ratio of Bahamians to non-Bahamians was unchanged at 4:1.

Total expenditures by domestic banks and trust companies recovered strongly by \$26.0 million (9.8%) to \$292.1 million during 2006, compared to an average annualized growth of 0.9% for the previous five years and a decline of 4.2% in 2005. Much of the increase was concentrated in operational expenses, which grew by \$22.2 million to \$275.9 million, as salary disbursements and other administrative costs rose by some \$11.0 million each to \$153.6 million and \$111.9 million, respectively. Outlays for Government fees at \$8.8 million and staff training at \$1.5 million were on par with the previous year's levels. Capital investments increased by \$3.8 million to \$16.3 million, reflecting outlays for land (\$1.5 million) and office furniture and equipment (\$2.6 million); however, renovation expenses declined by 7.4% to \$2.4 million.

On the offshore side, the 11.7% expansion in total spending to \$178.3 million was broadly-based among the major expenditure categories, and represented a reversal from the 1.9% decline registered in the five years ending

2005. Buoyed by growth in salary expenses (8.7%), staff training (12.1%) and other administrative (11.2%) costs, total operational payments were 9.4% higher at \$169.1 million. In addition, capital investments almost doubled to \$9.2 million, based on increased outlays for land, equipment and furnishings and new premises, which negated a 4.5% decrease in renovation expenses to \$1.11 million.



In 2006, the spread between offshore and domestic average salaries narrowed by an estimated \$908 to \$24,312, as the 3.8% rise in domestic banking average salaries to \$43,195 outpaced the 1.0% expansion in offshore sector salaries to \$67,507.

OTHER FINANCIAL SECTOR ACTIVITIES

INSURANCE SECTOR

Statistics compiled by the Central Bank and the Registrar of Insurance Companies indicate that the insurance industry continued to perform well during 2006, with the total number of insurance companies advancing by 15 to 205. Among the major categories, companies operating locally rose by 14 to 169 and external insurers firmed by 1 to 36.

Provisional data from the Central Bank's survey reveal that the sector employed approximately 1,391 persons, a slight 1.8% downturn from the previous year, as Bahamian employees (98.3% of the total) contracted by

TABLE B. GROSS ECONOMIC CONTRIBUTION OF BANKS AND TRUST COMPANIES

| Period | 2001p | 2002p | 2003p | 2004p | 2005p | 2006p | 2001p | 2002p | 2003p | 2004p | 2005p | 2006p |
|--|-----------------------|--------|--------|--------|--------|--------|-----------------|--------|--------|--------|--------|--------|
| | DOMESTIC | | | | | | OFFSHORE | | | | | |
| A. TOTAL EMPLOYMENT | 3,371 | 3,309 | 3,208 | 3,185 | 3,424 | 3,557 | 1,215 | 1,201 | 1,045 | 1,181 | 1,027 | 1,105 |
| 1. Non-Bahamians | 44 | 44 | 43 | 38 | 49 | 58 | 242 | 239 | 222 | 214 | 192 | 236 |
| 2. Bahamians (of which:) | 3,327 | 3,265 | 3,165 | 3,147 | 3,375 | 3,499 | 973 | 962 | 823 | 967 | 835 | 869 |
| i) Local Banking | 2,740 | 2,675 | 2,602 | 2,689 | 2,824 | 2,964 | 3 | 3 | 3 | 2 | 2 | 5 |
| ii) Offshore Banking | 59 | 103 | 101 | 136 | 85 | 79 | 533 | 524 | 483 | 555 | 531 | 548 |
| iii) Trust Administration | 318 | 251 | 291 | 206 | 267 | 287 | 167 | 171 | 164 | 190 | 188 | 207 |
| iv) Other | 210 | 236 | 171 | 116 | 199 | 169 | 270 | 265 | 173 | 220 | 114 | 109 |
| | (B\$ Millions) | | | | | | | | | | | |
| B. TOTAL OPERATIONAL COSTS (1+2+3+4) | 231.9 | 230.1 | 225.4 | 250.2 | 253.7 | 275.9 | 149.4 | 146.8 | 156.8 | 177.6 | 154.6 | 169.1 |
| 1. Salaries | 124.9 | 129.9 | 129.5 | 126.4 | 142.5 | 153.6 | 70.3 | 72.9 | 67.1 | 82.8 | 68.6 | 74.6 |
| 2. Government Fees | 6.7 | 6.4 | 6.7 | 7.4 | 8.8 | 8.8 | 9.8 | 9.1 | 9.7 | 11.6 | 9.2 | 9.2 |
| i) Licence | 3.0 | 3.2 | 2.8 | 2.8 | 4.9 | 4.4 | 4.9 | 4.1 | 3.9 | 4.2 | 4.7 | 4.0 |
| ii) Company Registration | 1.2 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 1.4 | 2.1 | 0.7 | 0.7 | 1.2 | 1.8 |
| iii) Work Permits | 0.5 | 0.4 | 0.5 | 0.6 | 0.6 | 0.6 | 1.8 | 1.9 | 1.8 | 1.9 | 1.8 | 2.1 |
| iv) Other Government Fees | 2.0 | 2.2 | 2.7 | 3.3 | 2.6 | 3.1 | 1.7 | 1.0 | 3.4 | 4.8 | 1.5 | 1.4 |
| 3. Staff Training | 1.2 | 1.3 | 1.3 | 1.3 | 1.5 | 1.5 | 1.0 | 1.6 | 1.1 | 1.2 | 1.2 | 1.4 |
| 4. Other Administrative Costs | 99.1 | 92.5 | 87.9 | 115.1 | 100.9 | 111.9 | 68.3 | 63.2 | 78.9 | 82.1 | 75.5 | 83.9 |
| C. CAPITAL EXPENDITURE I/ | 25.4 | 13.2 | 11.9 | 27.8 | 12.5 | 16.3 | 23.3 | 6.1 | 3.6 | 7.2 | 5.1 | 9.2 |
| D. TOTAL EXPENDITURE (B+C) | 257.3 | 243.3 | 237.2 | 277.9 | 266.2 | 292.1 | 172.7 | 153.0 | 160.3 | 184.8 | 159.7 | 178.3 |
| E. AVERAGE SALARY (B\$/000) | 37,064 | 39,250 | 40,352 | 39,699 | 41,618 | 43,195 | 57,876 | 60,717 | 64,214 | 70,082 | 66,838 | 67,507 |

Source: The Central Bank of The Bahamas

I/ (includes construction, renovation expenses and other fixed assets)

22 to 1,367; while non-Bahamians were lower by 3 at 24. Companies' aggregate expenditure advanced marginally by 0.28%, to \$116.4 million, reflecting a \$3.0 million rise in operational outlays to \$110.4 million. In contrast, other "miscellaneous" capital expenditures and payments for renovation expenses softened by \$1.08 million and \$1.6 million, to \$5.1 million and \$0.9 million, respectively.

CREDIT UNIONS

Preliminary estimates from the Department of Cooperative Development revealed that total assets in the sector strengthened by 14.2% to \$201.0 million.

Meanwhile, partial results from the Central Bank's 2006 survey, point to a marginal reduction in total expenditure by \$0.7 million to \$6.2 million. This outturn reflected a slowdown in fixed asset acquisitions, following substantial capital investments in office equipment and furniture in 2005. Consequently, total spending on fixed assets fell by nearly 50.2% to \$0.6 million. Moreover, despite a 2.0% expansion in salary payments to \$3.0 million, decreased outlays for "miscellaneous" administrative expenses resulted in total operational expenditures contracting by 1.4% to \$5.5 million.

Data on employment showed that the number of workers in the industry was virtually unchanged at 106; while the increased use of full time resources resulted in average salaries firming by 1% to \$28,594 per person.

INVESTMENT FUNDS INDUSTRY

Based on information compiled by the Securities Commission of The Bahamas, the number of active mutual funds under management rebounded to 725 in 2006 from 699 in 2005. Correspondingly, asset valuations firmed by US\$29.8 billion to US\$205.0 billion. A net increase of four (4) investment fund administrators brought the total to 63 by end-2006.

CAPITAL MARKETS DEVELOPMENTS

Buoyed by the general improvement in economic conditions, which strengthened investor confidence, the BISX All Share Price Index appreciated by 24.1% to 1,676.2 points in 2006, following a 30% expansion in 2005. A healthy 34.5% to 742.2 points gain was also registered in the broader Fidelity Capital Market Index (FINDEX)—which captures over-the counter trading—compared to 28.4% in 2005. The total market capitaliza-

tion of shares traded on BISX rose by 20.9% to \$3.2 billion; however, the volume of shares traded on the Exchange declined by 21.9% to 5.3 million, with value correspondingly lower by an equivalent percentage to \$28.7 million.

In other capital market developments, Kerzner International Ltd. (KZL) completed its "going-private" transaction on August 28, 2006. All issued and outstanding shares were cancelled and repurchased at a cash price of \$81.00 per share. Consequently, the Bahamian Dollar Receipts (BDRs) of KZL, which commenced trading on the Exchange in July 2004 at a ratio of ten BDRs for each KZL share, were repurchased at a price of \$8.09 per share, representing a capital appreciation of 57.4% over the initial \$5.14 listing price. Despite the withdrawal of KZL from the Exchange, the listing of Consolidated Water Company in January 2006 left the number of companies registered on BISX at 19. Regarding mutual funds, Fidelity Bank Limited listed its second mutual fund, Fidelity Prime Income Fund Ltd, in December of 2006.

RECENT REGULATORY DEVELOPMENTS

Aside from an ample pool of skilled labor, other important features of a successful and competitive financial sector are its regulatory framework and product offerings, transparency and the level of sophistication. During 2006, the Central Bank of The Bahamas, in consultation with local financial service providers, continued efforts to enhance the regulatory infrastructure under its supervision and to ensure industry compliance with local and international standards. In this regard, several pieces of legislation proposed by the Bank were brought into effect. Among these were the Banks & Trust Companies (Large Exposures) Regulations 2006, which define large exposures as generally those which are greater than or equal to 10% of a licensee's capital base. These regulations prescribe the maximum permissible single exposure and the maximum permissible exposures to related parties of licensees. They also limit a licensee's aggregate large exposure, describe the conditions under which large exposures may be allowed and include penalties for non-compliance.

Public private partnership continues to figure prominently in initiatives to improve the competitiveness of the industry. As an example, at the start of 2005 steps were taken to lay out the infrastructure for the operation of

Private Trust Companies (PTCs). This involved collaboration between the Central Bank and a number of agencies including, the Bahamas Financial Services Board (BFSB), the Association of International Trust Companies (AIBT) and the Society of Trust and Estate Practitioners (STEP). As a result, in 2006 amendments were made to the Central Bank of The Bahamas Act, 2000 and the Banks and Trust Companies Regulation Act, 2000, to facilitate the operation of Private Trust Companies (PTCs). These companies, which do not conduct business with the general public, are normally used to administer the assets of high net worth families, and are subject to a more moderate supervisory framework than trust companies that offer services to the public, including exemption from the licensing requirements of the Banks and Trust Companies Regulation Act, 2000. Though exempt from licensing, PTCs are required to have resident Registered Representatives, which are also the Central Bank's primary point of contact for supervision of PTCs. They provide the services of secretary, director or other administrative services to PTCs and are subject to know-your-customer and record keeping compliance measures under the new legislation.

There was also an evaluation exercise carried out by the Caribbean Financial Action Task Force (CFATF), to assess the local financial services industry along with its

regulatory bodies, with the objective of measuring their compliance with the Financial Action Task Force's (FATF) 40 Recommendations on Money Laundering and nine Special Recommendations on the Financing of Terrorism. The results of this exercise are expected to be disseminated in 2007.

In other regulatory developments, the Bank Supervision Department of the Central Bank issued five new guidelines and two consultative papers during the year. It also proposed amendments to the Banks and Trust Companies (License Application) Regulations, 2002 and responded to thirty-three regulatory requests from foreign regulators.

CONCLUSION

The review of the financial sector's activities revealed a trend of continued strengthening, as improvements noted in 2005 were extended into 2006. The outlook for the sector remains optimistic, as institutions continue to employ high caliber individuals and strive to maintain a competitive advantage over other jurisdictions. In this vein, the Central Bank will continue to collaborate with domestic and international agencies to fine-tune, adopt or develop regulatory mechanisms and initiatives to ensure that the sector remains properly regulated.