

Quarterly

Economic Review

MARCH 2023



VOLUME 32 | No. 1

www.centralbankbahamas.com

The Quarterly Economic Review (QER) is a publication of the Central Bank of The Bahamas, prepared by the Research Department, for issue in March, June, September and December. All correspondence pertaining to the QER should be addressed to:

The Manager
Research Department
Central Bank of The Bahamas
P.O. Box N-4868
Nassau, Bahamas

www.centralbankbahams.com

Email address: research@centralbankbahamas.com



Contents

REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS	5
DOMESTIC ECONOMIC DEVELOPMENTS	5
<i>Overview</i>	5
<i>Real Sector</i>	5
Tourism	5
Construction.....	6
Prices.....	7
<i>Fiscal Operations</i>	8
Overview	8
Revenue	8
Expenditure.....	9
Financing and the National Debt.....	9
Public Sector Foreign Currency Debt	10
<i>Money, Credit and Interest Rates</i>	11
Overview	11
Liquidity	11
Deposits and Money	11
Domestic Credit	12
Mortgages.....	13
The Central Bank.....	13
Domestic Banks.....	14
Credit Quality.....	14
Provisions & Capital Adequacy	15
Bank Profitability.....	15
Interest Rates.....	16
<i>Capital Market Developments</i>	17
<i>International Trade and Payments</i>	17
INTERNATIONAL ECONOMIC DEVELOPMENTS.....	19
STATISTICAL APPENDIX (TABLES 1-16)	21
GROSS ECONOMIC CONTRIBUTION OF THE FINANCIAL SECTOR IN THE BAHAMAS (2021)	38
INTRODUCTION	38
GOVERNMENT REVENUES	38
THE BANKING SECTOR	39

<i>Employment</i>	39
<i>Expenditures</i>	40
DOMESTIC VERSUS INTERNATIONAL BANKING.....	40
OTHER FINANCIAL SECTOR ACTIVITIES.....	41
<i>Credit Unions</i>	41
<i>Securities Industry</i>	42
<i>Insurance Sector</i>	42
OTHER FINANCIAL SECTOR DEVELOPMENTS	42
<i>Central Bank Initiatives</i>	43
CONCLUSION AND OUTLOOK.....	44

REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

OVERVIEW

Preliminary indications are that during the first quarter of 2023, the Bahamian economy maintained its positive growth momentum, although more moderated, as the recovery from the adverse effects of the Novel Coronavirus (COVID-19) pandemic neared completion. Tourism output remained buoyant, undergirded by gains in both the high value added air component and sea passengers, as the demand for travel in key source markets was sustained. In addition, several new and ongoing foreign investment-related projects, as well as ongoing post-hurricane reconstruction works, supported activity in the construction sector. In price developments, domestic inflation increased, attributed to the pass-through effects of higher prices on imported oil and other goods.

Provisional data for the third quarter of FY2022/23, revealed that the Government's position reversed to a surplus from a deficit in the comparative quarter of FY2021/22. Contributing to this outcome, was a VAT-led growth in total revenue, which overshadowed the rise in aggregate expenditure. Budgetary financing was secured largely from domestic sources, and consisted of a combination of long and short-term debt instruments.

In monetary developments, bank liquidity declined marginally, notwithstanding narrowed growth in the deposit base, which contrasted with slowed contraction in domestic credit. Similarly, there was a notable slowdown in the buildup in external reserves, vis-à-vis a year earlier, which had included the receipt of proceeds from Government's external borrowings. Meanwhile, underpinned by improving economic conditions and ongoing loan write-offs, banks' credit quality indicators improved during the review quarter. Further, the latest available data for the fourth quarter of 2022 showed that domestic banks overall profitability levels increased, on account of a decline in provisions for bad debt, combined with lower depreciation and operating costs.

In the external sector, the estimated current account deficit narrowed over the review quarter, explained by a significant expansion in the service account surplus, buoyed by robust gains in tourism earnings. Conversely, the financial account inflows decreased by almost half, largely attributed to a marked reduction in other investment receipts and a decline in net private direct investments. Meanwhile, the estimated capital account transfers were nil during the first quarter, similar to the comparative 2022 period.

REAL SECTOR

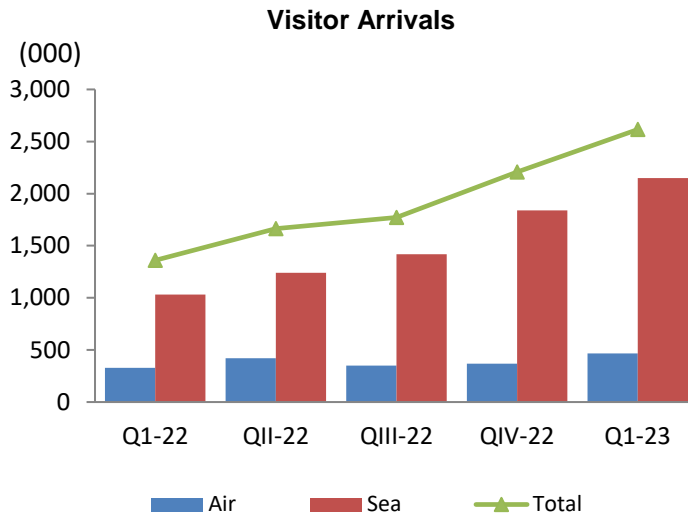
TOURISM

During the first quarter of 2023, tourism output continued to register strong growth, undergirded by notable gains in the high-valued air segment and a rebound in the sea segment, attributed to the relaxed pandemic-related conditions and increased travel demand in key source markets.

For the three-months to March, data from the Ministry of Tourism revealed that total visitor arrivals recovered by 92.3% to 2.6 million, outstripping the 1.4 million growth in visitors in the comparative 2022 period. Supporting this outturn, sea passengers doubled to 2.1 million from 1.0 million in the same period

last year. Likewise, the high-value added stopover component advanced by 41.6% to 0.5 million, vis-à-vis 0.3 million visitors in the previous year.

A breakdown by major ports of entry showed that foreign arrivals to New Providence regained by 84.1% to 1.2 million passengers, exceeding the 0.7 million visitors a year earlier, explained by increases in both air and sea traffic to 0.4 million and 0.9 million, respectively. Similarly, the volume of visitors to the Family Islands recaptured 93.5% to 1.2 million, outpacing the 0.6 million gain registered in the comparable period of 2022, underpinned by growth in air traffic, to 95,221, and sea traffic, to 1.1 million. Likewise, in Grand Bahama, arrivals more than doubled to 0.1 million, from 51,312 passengers in the preceding year, bolstered by advances in both air and sea arrivals to 15,480 and 130,386, respectively.



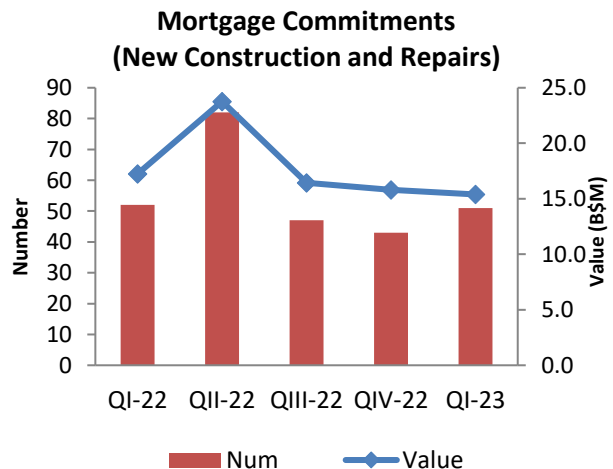
Positive trends were also mirrored in the private vacation rental market, as observed in the most recent statistics provided by AirDNA. Total room nights booked rose by 38.8% to 491,590, vis-à-vis the first quarter of 2022, on account of increases in hotel comparables, by 50.5% to 59,176, and entire place listings, by 37.3% to 432,414. By rental category, the analysis revealed occupancy levels for entire place listings strengthened by 8.6 percentage points to 64.2%, while the average daily rate (ADR) firmed by 8.1% to \$540.08. Likewise, hotel comparable listings occupancy rate moved higher by 10.2 percentage points to 61.5%, as the ADR grew by 5.5% to \$194.88.

Data provided by the Nassau Airport Development Company Limited (NAD) affirmed the positive momentum in stopover business, as total departures—net of domestic passengers—rebounded to 0.4 million, from 0.3 million in the same period in 2022. Underpinning this outturn, the volume of US departures expanded by 43.2%—representing approximately 84.3% of total passengers—and international departures, by 58.4%.

CONSTRUCTION

During the first quarter, construction sector developments were supported by ongoing varied-scale foreign investment projects. However, bank-financed domestic private sector activity stayed subdued.

In domestic financing developments, total mortgage disbursements for new construction and repairs—as reported by banks, insurance companies and the Bahamas Mortgage Corporation—expanded by 48.6% (\$7.8 million) to \$23.9 million, a switch from a 33.8% reduction during the same period of 2022. Contributing largely to this outturn, residential



disbursements grew by 56.6% (\$8.6 million) to \$23.7 million, a reversal from a 37.3% downturn in the prior year. Conversely, commercial disbursements contracted by 75.5% (\$0.7 million) to \$0.2 million, a turnaround from a four-fold increase in the previous year.

Total mortgage commitments for new buildings and repairs—a forward-looking indicator of domestic activity—fell by 1 to 51, compared to the same period in 2022, with the associated value decreasing by 10.8% to \$15.4 million. By loan type, the number of approvals for commercial commitments for new buildings and repairs declined by 3 to 1, while its accompanying value reduced from \$5.8 million to \$0.1 million. In contrast, undisbursed approvals for residential commitments rose by 2 to 50, with the corresponding value strengthening by \$3.8 million (32.7%) to \$15.3 million.

In terms of interest rates, the average financing costs for commercial mortgages edged down to 7.00% from 7.08% in 2022. Meanwhile, the average interest rate for residential mortgages increased by 5 basis points to 6.43%.

PRICES

Domestic consumer price inflation—as measured by changes in the average Retail Price Index for The Bahamas—remained elevated during the first quarter, attributed to the pass-through effects from higher costs of imported oil and other goods. In particular, during the three-months to March, average consumer price inflation firmed to 4.5%, from 4.1% in the corresponding period of 2022. By component, the average costs for alcoholic beverages, tobacco & narcotics, rose by 11.1% and miscellaneous goods & services, by 0.2%, after registering respective decreases in the preceding year. Further, average inflation accelerated for recreation & culture (19.0%), housing, water, gas, electricity & other fuels (5.6%), clothing & footwear (4.1%), and furnishing, household equipment & routine household maintenance (3.0%). In a modest offset, average inflation slowed for food & non-alcoholic beverages (9.3%), restaurant & hotels (6.6%), health (4.2%), transport (3.3%) and education (1.4%). Conversely, average costs declined for communication (0.3%), following an increase in the prior year.

Retail Price Index (Annual % Changes; March)						
<u>Items</u>	<u>Weight</u>	<u>2022</u>			<u>2023</u>	
		<u>Index</u>	<u>%</u>	<u>Index</u>	<u>%</u>	
Food & Non-Alcoholic	102.4	121.33	10.6	130.85	7.8	
Alcohol, Tobacco &	5.9	124.77	-2.4	138.98	11.4	
Clothing & Footwear	45.0	111.61	3.5	117.53	5.3	
Housing, Water, Gas,	321.7	109.10	3.2	113.21	3.8	
Furn. & Household,	45.7	117.52	2.1	126.65	7.8	
Health	44.0	146.41	5.9	155.20	6.0	
Transportation	125.0	121.43	10.7	125.20	3.1	
Communication	40.9	117.37	14.0	117.29	-0.1	
Rec., & Culture	24.6	115.45	9.6	134.96	16.9	
Education	42.4	104.13	2.2	105.14	1.0	
Restaurant & Hotels	56.8	132.98	9.9	141.85	6.7	
Misc. Goods & Svcs.	145.6	107.27	-3.8	107.28	0.0	
ALL ITEMS	1000.0	115.09	4.7	119.82	4.1	

During the first quarter, most domestic energy price trends were mixed, notwithstanding the rise in international oil prices. Specifically, over the three-month period, the average prices for both diesel and gasoline reduced by 7.7% each to \$5.77 and \$5.37 per gallon, respectively. However, on an annual basis, the cost of diesel moved higher by 19.3%. Meanwhile, relative to the same period last year, the price of gasoline declined by 2.3%. With regard to the Bahamas Power and Light's (BPL) fuel surcharge, the average tiered

prices for the generation of less than 800kWh increased by 21.3% to 15.17 cents per kilowatt hour (kWh) and the cost for the generation of more than 800 kWh, by 38.5% to 20.50 cents during the first quarter.

FISCAL OPERATIONS

OVERVIEW

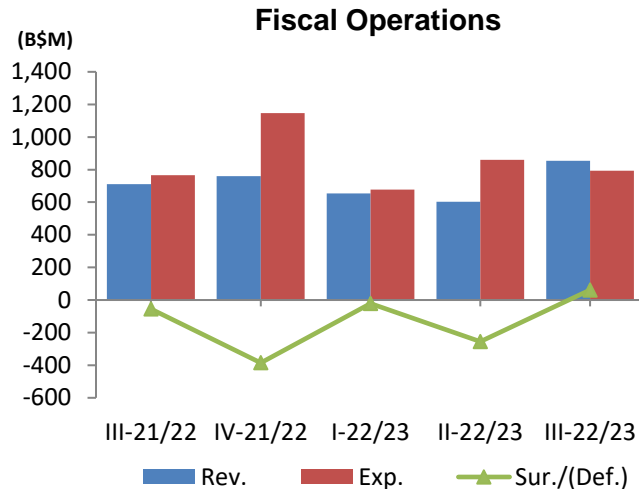
Preliminary data on the Government’s budgetary operations for the third quarter of FY2022/23 revealed that the fiscal position registered an overall surplus of \$61.7 million—the first time in four years—a switch from a \$54.9 million deficit in the comparable FY2021/22 period. Contributing to this outturn was a VAT-led rise in total revenue, by \$142.5 million (20.0%) to \$854.2 million, which outstripped the \$26.0 million (3.4%) increase in aggregate expenditure to \$792.6 million.

REVENUE

Tax receipts—which comprised 88.2% of aggregate inflows—grew by \$160.6 million (27.1%) to \$753.3 million. Notably, VAT collections—at 46.3% of tax revenue—increased by \$58.2 million (20.0%) to \$348.7 million, while proceeds from stamp taxes on financial and realty transactions grew to \$27.1 million from \$3.9 million in the previous year. Likewise, receipts from specific taxes—primarily gaming—rose by \$3.4 million (17.2%) to \$23.1 million. In contrast, proceeds from excise taxes declined to just \$0.5 million from \$5.9 million a year earlier.

With regard to the other components, taxes on the use or supply of goods and services expanded by \$21.0 million (27.2%) to \$98.4 million, led by an \$18.8 million (34.9%) growth in receipts from business licenses fees, to \$72.5 million. In addition, company and motor vehicle taxes, moved higher by \$1.3 million (10.8%) to \$12.9 million, and by \$1.2 million (11.4%) to \$11.7 million, respectively. In a partial offset, marine license taxes fell by \$0.2 million (12.8%) to \$1.3 million.

In the remaining categories, taxes on international trade increased by \$62.9 million



Government Revenue By Source				
(Jan. - Mar.)				
	FY21/22		FY22/23	
	B\$M	%	B\$M	%
Property Tax	69.6	9.8	71.2	8.3
Value Added Tax	290.5	40.8	348.7	40.8
Stamp Taxes (Financial & Realty)	3.9	0.6	27.1	3.2
Excise Tax*	5.9	0.8	0.5	0.1
Specific Taxes (Gaming Tax)	19.7	2.8	23.1	2.7
Motor Vehicle Taxes	10.5	1.5	11.7	1.4
Company Taxes	11.7	1.6	12.9	1.5
License to Conduct Specific Bus. Act.	53.8	7.6	72.5	8.5
Marine License Activities	1.5	0.2	1.3	0.2
Customs & Other Import Duties	63.5	8.9	65.3	7.6
Taxes on Exports*	35.0	4.9	61.0	7.1
Departure Taxes	22.2	3.1	57.1	6.7
Other Taxes on Transactions	0.1	0.0	0.2	0.0
General Stamp Taxes	4.8	0.7	0.6	0.1
Property Income	15.4	2.2	7.1	0.8
Sales of Goods & Services	56.2	7.9	57.3	6.7
Fines, Penalties & Forfeits	1.3	0.2	1.5	0.2
Reimbursements & Repayments	42.5	6.0	34.1	4.0
Misc. & Unidentified Revenue	3.5	0.5	0.7	0.1
Sales of Other Non-Financial Assets	0.0	0.0	0.2	0.0
Grants	0.0	0.0	0.0	0.0
Capital Revenue	0.0	0.0	0.0	0.0
Total	711.7	100.0	854.2	100.0

(52.1%) to \$183.7 million, undergirded by ongoing gains in economic activities. Supporting this outturn, departure taxes more than doubled to \$57.1 million from \$22.2 million in the preceding year, bolstered by the recovery in travel. Further, proceeds from export & excise duties grew by \$26.1 million (74.6%) to \$61.0 million and customs & other import taxes, by \$1.8 million (2.9%) to \$65.3 million. Further, other “miscellaneous” taxes edged up to \$0.2 million from \$0.1 million in the previous year. Revenue from property taxes also rose by \$1.6 million (2.3%) to \$71.2 million. Conversely, collections from general stamp taxes fell by \$4.2 million (87.4%) to \$0.6 million.

Non-tax receipts—at 11.8% of total revenue—contracted by \$18.1 million (15.2%) to \$100.9 million. Underlying this outturn, revenue from reimbursements and repayments, mostly banks and trust license fees, reduced by \$8.4 million (19.8%) to \$34.1 million. Likewise, property income decreased by \$8.3 million (54.0%) to \$7.1 million, led by a timing-related falloff in Government property receipts of \$12.9 million (94.3%) to \$0.8 million. In addition, income from “miscellaneous” & unidentified revenue declined by \$2.7 million (78.5%) to \$0.7 million. Providing some offset, revenue from the sale of goods and services grew by \$1.0 million (1.8%) to \$57.3 million, largely due to an increase in collections from customs administrative fees. Similarly, proceeds from fines, penalties and forfeitures edged up by \$0.2 million (12.6%) to \$1.5 million.

EXPENDITURE

The growth in total expenditure was led by a \$19.7 million (34.9%) expansion in capital outlays to \$76.1 million, alongside a \$6.3 million (0.9%) rise in current spending to \$716.5 million.

An analysis by economic category, revealed that the increase in current spending was underpinned by higher interest payments on public debt, of \$16.9 million (17.9%) to \$110.9 million, on account of an \$18.6 million (80.0%) rise in payments on external debt, which overshadowed the \$1.7 million (2.5%) decline in internal debt costs. In addition, personal emoluments grew by \$13.5 million (7.5%) to \$194.6 million. Further, disbursements for use of goods and services moved higher by \$4.4 million (2.9%) to \$157.0 million. By contrast, subsidies reduced by \$15.3 million (12.1%) to \$111.0 million, explained by a decline in allocations to public health facilities. Further, allocations for other miscellaneous payments decreased by \$12.0 million (13.3%) to \$78.0 million, due in large measure to a falloff in insurance premiums, by \$24.3 million (62.7%) to \$14.4 million, which offset the \$12.3 million (23.9%) rise in current transfers, to \$63.6 million. Disbursements for grants and social benefits also fell by \$0.8 million (34.9%) to \$1.5 million and by \$0.5 million (0.7%) to \$63.5 million, respectively.

The increase in capital outlays was owing primarily to a \$22.1 million (50.2%) rise in the acquisition of non-financial assets, on account of higher spending on fixed assets. In contrast, capital transfers were lower by \$2.4 million (19.6%) at \$9.9 million.

FINANCING AND THE NATIONAL DEBT

Budgetary financing during the third quarter of FY2022/23, was dominated by domestic market operations. In particular, internal borrowings totalled \$611.3 million, and comprised of loans & advances (\$450.0 million), Government bonds (\$128.8 million) and net Treasury bills/notes (\$32.4 million). Further, external drawdowns amounted to \$117.1 million, reflecting expanded use of an existing commercial loan. Debt repayments for the period totalled \$673.8 million, of which a dominant 80.9% went towards retiring Bahamian dollar obligations.

As a result of these developments, the Direct Charge on the Government rose by \$67.9 million (0.6%) over the quarter and by \$571.9 million (5.4%) on an annual basis, to \$11,104.3 million at end-March 2023. An analysis by component, showed that Bahamian dollar debt represented 53.4% of the total, while foreign currency liabilities accounted for the remaining 46.6%.

A further disaggregation by creditor revealed that private and institutional investors held the largest share of domestic debt (39.1%), followed by banks (38.8%), Central Bank (13.9%) and public corporations (8.2%). By instrument type, Government bonds constituted the majority of the domestic debt (67.1%) and featured an average maturity of 9.8 years, compared to 10.2 years in 2022. In addition, loans & advances and Treasury bills & notes represented smaller shares of 17.0% and 15.9%, respectively.

The Government’s contingent liabilities edged up by \$0.4 million (0.1%) over the previous three-month period, but declined by \$6.8 million (1.7%), year-on-year, to \$390.6 million. As a result, the National Debt—inclusive of contingent liabilities—expanded by \$68.3 million (0.6%) over the quarter and by \$565.2 million (5.2%), on an annual basis, to \$11,494.9 million. With the recovery in output, the Direct Charge as a ratio to GDP, decreased by an estimated 3.6 percentage points on a yearly basis, to 83.4% at end-March. In addition, the National Debt-to-GDP declined to an estimated 86.3%, compared to 90.2% in the same quarter of 2022.

Estimates of the Debt-to-GDP Ratios			
	March (%) ¹		
	2021 _p	2022 _p	2023 _p
Direct Charge	100.9	86.9	83.4
National Debt	105.4	90.2	86.3
Total Public Sector Debt*	109.0	93.1	88.9
Source: Central Bank of The Bahamas and Bahamas National Statistical Institute			
<i>GDP growth estimate for 2023 is derived from IMF projections.</i>			
<i>¹ In the absence of actual quarterly GDP data for 2023, the ratios presented should be taken as broad estimates of the relevant debt ratios and are therefore subject to revision.</i>			
<i>*Presented partially net of inter-public sector credit.</i>			

PUBLIC SECTOR FOREIGN CURRENCY DEBT

During the first quarter, public sector foreign currency debt reduced by \$7.6 million (0.1%) to \$5,644.9 million, but rose by \$293.8 million relative to the same period last year. Specifically, amortization payments of \$137.9 million outpaced new drawings of \$117.1 million. By component, the Government’s outstanding liabilities—which accounted for 91.7% of the total—increased marginally by \$2.0 million (0.04%) to \$5,175.4 million on a quarterly basis. In contrast, the public corporations’ debt stock declined by \$9.5 million (2.0%) to \$469.6 million.

In comparison to the same quarter of 2022, total foreign currency debt service payments contracted by \$64.0 million (19.9%) to \$257.6 million. In particular, Government’s debt service payments reduced by \$66.7 million (21.8%) to \$239.6 million, as amortization payments fell by \$151.7 million (54.2%) to \$128.4 million, while interest charges surged to \$111.2 million from \$34.0 million in the corresponding period last year. By contrast, public corporations’ debt service payments grew by \$2.7 million (17.4%) to \$18.0 million, as amortization payments increased by \$1.9 million (25.7%) to \$9.5 million and interest charges edged up by \$0.7 million (9.3%) to \$8.6 million. As a result, the Government’s debt service to revenue ratio stood at 28.1%, an increase of 9.2 percentage points over the prior year. Meanwhile, the debt service ratio, against exports of goods and services, firmed to 18.3% at end-March from 14.4% in 2022.

Disaggregated by creditor profile, the majority of the foreign currency debt was held by capital market investors (50.7%), followed by multilateral institutions (21.1%), external financial institutions (19.9%), commercial banks (3.2%) and bilateral agencies (0.9%). A breakdown by currency type revealed that, the bulk of the stock was denominated in United States dollars (82.1%), with smaller portions in IMF SDRs (8.5%), euro (6.6%), the Swiss franc (1.9%), and the Chinese yuan (0.9%). At end-March, the average maturity of the outstanding foreign currency debt stood at 8.4 years, lower than the 8.6 years in 2022.

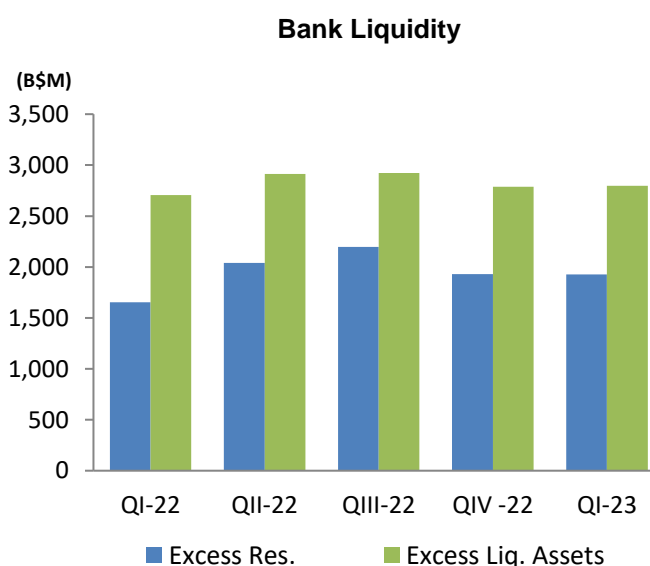
MONEY, CREDIT AND INTEREST RATES

OVERVIEW

During the first quarter, monetary developments featured a marginal reduction in banking sector liquidity, despite moderated growth in the deposit base that contrasted with a contraction in domestic credit. Instead, banks channeled more offsetting resources into reduced retained profits and loan-loss provisions. Further, the buildup in external reserves slowed sharply, vis-à-vis a year earlier, which had included proceeds from Government’s external borrowings. Meanwhile, banks’ credit quality indicators improved over the review period, against the backdrop of improving economic conditions and ongoing loan write-offs. In addition, banks’ profitability indicators strengthened during the fourth quarter of 2022—the latest period for which data is available—attributed to a decrease in bad debt provisioning, combined with lower depreciation and staff-related operating costs. The weighted average interest rate spread narrowed during the first quarter, as average lending rates fell, while average deposit rates edged up.

LIQUIDITY

During the review quarter, banks’ net free cash reserves declined marginally by \$2.7 million (0.1%) to \$1,925.7 million, contrasting with a \$264.9 million (19.1%) expansion in the comparative quarter of 2022. At end-March, the ratio of net free cash reserves to Bahamian dollar deposit liabilities stood at 23.4%, up from 21.1% in the previous year. Reflective of a rise in banks’ balances held with the Central Bank, broader surplus liquid assets grew by \$12.1 million (0.4%), but trailed the \$328.6 million (13.8%) accumulation a year earlier. At end-March 2023, the level of surplus liquid assets surpassed the statutory minimum by approximately 190.8%, compared with 193.9% in the same period of 2022.



DEPOSITS AND MONEY

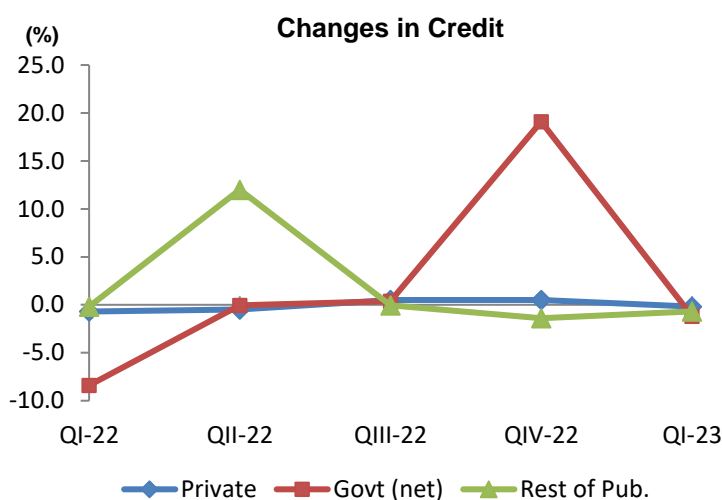
The growth in overall money supply (M3) slackened considerably to \$26.5 million (0.3%) from \$358.9 million (4.4%) in the comparative period of 2022, placing the stock at \$9,023.7 million. By component, narrow money (M1) decreased by \$43.9 million (1.0%), a reversal from a \$295.6 million (7.9%) buildup in the prior year. Contributing to this outcome, demand deposits fell by \$46.8 million (1.2%)—led by a decline in private placements—a turnaround from a \$305.7 million (9.2%) expansion a year earlier. Conversely, currency in active circulation grew marginally by \$2.9 million (0.7%), a switch from a \$10.0 million (2.6%) falloff in 2022. Broad money (M2) increased by \$43.9 million (0.5%), a moderation from the \$346.2 million (4.5%)

accumulation last year. In particular, savings deposits advanced by \$82.9 million (4.0%), exceeding the \$62.4 million (3.3%) buildup in the previous year. Similarly, fixed deposits rose by \$4.8 million (0.2%), following an \$11.8 million (0.5%) contraction the year earlier. Meanwhile, residents' foreign currency deposits decreased by \$17.3 million (3.3%), a shift from the prior year's \$12.7 million (2.8%) accretion.

A disaggregation by category showed that Bahamian dollar demand deposits constituted the bulk of total money stock at 42.4%, followed by savings and fixed balances at 24.1% and 23.0%, respectively. Further, accounting for significantly smaller shares of the total stock, residents' foreign currency deposits stood at 5.6%, while currency in active circulation represented 4.8% of the total.

DOMESTIC CREDIT

Total domestic credit contracted by \$54.7 million (0.6%) during the first quarter of 2023, notably lower than the year earlier \$288.6 million (3.2%) reduction. This followed an average quarterly decrease of 1.0% over the preceding five-year period. In particular, the dominant Bahamian dollar component—comprising 93.5% of the total—fell by \$26.1 million (0.3%), significantly lower than the \$261.1 million (3.0%) decline in the comparable period of 2022. The foreign currency component reduced by \$28.6 million (4.6%), in line with the \$27.5 million (8.6%) falloff in the preceding year.



By sector, the reduction in net credit to the Government slowed to \$39.0 million (1.2%), from \$246.9 million (8.4%) in the first quarter of 2022, with an average quarterly contraction of 2.0% over the last five years. Similarly, credit to the private sector reduced by \$13.2 million (0.2%), a moderation from the \$41.2 million (0.7%) retrenchment in 2022. Meanwhile, the decline in credit to the rest of the public sector extended to \$2.5 million (0.7%), from \$0.5 million (0.2%) a year earlier.

A disaggregation of the various private sector components showed that personal loans—which constitute the bulk of private sector credit at 72.6%—reduced by \$19.6 million (0.4%). This was lower than the \$40.1 million (0.9%) decrease in same period of 2022, and contrasted with an average quarterly decrease of 0.5% over the past five

	2023		2022	
	B\$M	%	B\$M	%
Agriculture	0.9	0.0	0.9	0.0
Fisheries	2.0	0.0	1.9	0.0
Mining & Quarrying	2.4	0.0	1.7	0.0
Manufacturing	39.4	0.6	36.7	0.6
Distribution	285.1	4.5	293.8	4.6
Tourism	33.4	0.5	15.9	0.2
Enter. & Catering	26.7	0.4	24.8	0.4
Transport	70.1	1.1	42.2	0.7
Construction	295.5	4.6	323.7	5.1
Government	696.3	10.9	734.3	11.5
Public Corps.	108.3	1.7	76.9	1.2
Private Financial	45.7	0.7	21.6	0.3
Prof. & Other Ser.	58.6	0.9	54.1	0.8
Personal	4,642.7	72.6	4,661.5	72.9
Miscellaneous	85.5	1.3	107.7	1.7
TOTAL	6,392.8	100.0	6,397.7	100.0

years. In the underlying transactions, residential mortgages fell by \$22.1 million (0.8%), and overdrafts by \$1.3 million (2.6%), overshadowing the \$4.0 million (0.2%) uptick in consumer credit.

A detailed breakdown of Bahamian dollar consumer credit showed that net repayments occurred for debt consolidation (\$7.6 million), land purchases (\$2.8 million), travel (\$1.6 million) and education (\$1.0 million), with a more muted repayment of less than \$1.0 million recorded for taxis & rented cars. In contrast, net lending increased for private cars (\$7.3 million), and “miscellaneous” purposes (\$6.7 million), while smaller gains were posted for furnishings & domestic appliances (\$0.9 million), credit cards (\$0.5 million), medical services (\$0.4 million), and home improvements and commercial vehicles (\$0.1 million each).

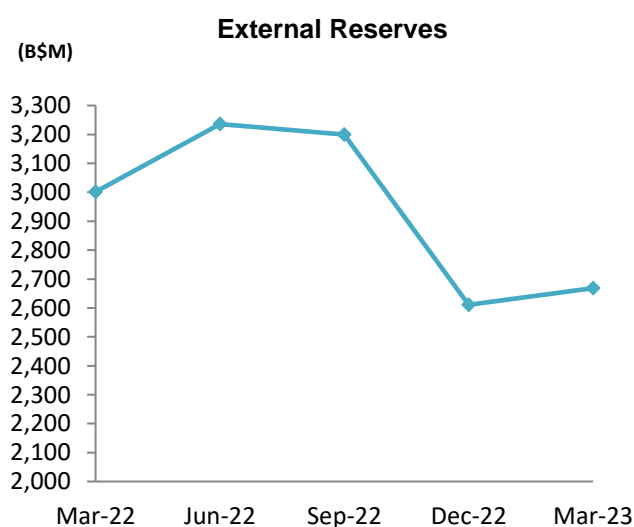
The remaining private sector loan categories revealed that credit balances decreased for professional and ‘other’ services (\$13.2 million), construction (\$7.9 million), transport (\$6.3 million), fisheries (\$2.7 million), and tourism (\$0.8 million). Much lesser credit balances were recorded for entertainment and catering (\$0.2 million) and mining and quarrying (\$0.1 million). Conversely, credit balances rose for private financial institutions (\$29.3 million), manufacturing (\$4.1 million), “miscellaneous” purposes (\$2.2 million), and distribution (\$1.8 million).

MORTGAGES

The most recent data obtained from domestic banks, insurance companies, and the Bahamas Mortgage Corporation indicated that, the total value of mortgages outstanding contracted by \$18.8 million (0.7%) to \$2,891.1 million in the first quarter, extending the \$5.9 million (0.2%) decrease in the corresponding period of 2022. Underlying this outturn, the residential component—which comprised 93.1% of total mortgages—reduced by \$10.1 million (0.4%) to \$2,690.5 million, exceeding the \$1.0 million falloff in the preceding year. Likewise, the commercial component declined by \$8.6 million (4.2%) to \$200.6 million, surpassing the \$4.9 million (3.0%) retrenchment during the same period last year. At end-March, the majority of mortgages were held by domestic banks (86.7%) followed by the Bahamas Mortgage Corporation (6.8%) and insurance companies (6.5%).

THE CENTRAL BANK

The Central Bank’s net claims on the Government reduced by \$18.0 million (2.3%) to \$772.6 million in the first quarter of 2023, albeit a notable slowdown from the \$177.8 million (38.8%) falloff the previous year, on account of decreases in Treasury bill holdings and loans and advances. This outcome is relative to an average quarterly decline of \$57.8 million (2.0%) over the preceding five years. In contrast, the Bank’s net liabilities to commercial banks grew by \$30.7 million (1.4%), though significantly lower than the year earlier \$337.9 million (18.6%) buildup, as the expansion in deposits outpaced the reduction in notes and coins in circulation. Meanwhile, the Bank’s net liabilities to the rest of the public sector remained relatively unchanged at \$7.0 million.



The growth in external reserves moderated sharply to \$57.1 million (2.2%) from the \$568.8 million (23.4%) accumulation in the comparable period of 2022, which had included the receipt of proceeds from the Government’s external borrowing. In the underlying developments, the Central Bank’s net foreign currency purchases declined to \$31.4 million from \$566.8 million a year earlier. Specifically, the Bank’s net purchases from commercial banks was reduced to \$163.3 million from \$263.9 million, while net purchases from the Government declined to \$48.2 million from \$382.9 million. Providing some offset, the Bank’s net foreign currency sales to public corporations—mainly for fuel purchases—rose to \$180.0 million from \$80.0 million in the prior year.

At end-March, the stock of external reserves stood at \$2,668.2 million, equivalent to an estimated 45.2 weeks of the current year’s total merchandise imports (including oil purchases), as compared to 55.7 weeks in the same period of 2022. After adjusting for the 50.0% statutory requirement on the Bank’s demand liabilities, “useable” reserves grew by \$40.5 million (3.5%) to \$1,214.7 million, when compared to the same period last year.

DOMESTIC BANKS

Total net foreign liabilities of domestic banks contracted by \$8.0 million (21.9%) to \$28.6 million over the review quarter, markedly lower than the year earlier \$78.4 million (82.6%) reduction.

The decline in banks’ credit tapered to \$36.8 million (0.4%), from \$110.8 million (1.3%) in the same period of 2022. Specifically, net claims on the Government decreased by \$21.0 million (0.9%), vis-à-vis a \$69.1 million (2.8%) falloff last year. In addition, the contraction in private sector credit slowed to \$13.2 million (0.2%) from \$41.2 million (0.7%). Meanwhile, the retrenchment in credit to public corporations extended to \$2.5 million (0.7%), from \$0.5 million (0.2%) a year earlier.

Banks’ total deposit liabilities—inclusive of Government balances—grew by \$38.4 million (0.4%) to \$8,743.6 million, a significant slowdown from the \$330.1 million (4.1%) accumulation in 2022. Underlying this outcome, the buildup in private sector deposits moderated to just \$3.4 million from \$304.1 million (4.0%), for an ending balance of \$8,250.7 million. Further, Government balances rose by \$7.9 million (3.4%), vis-à-vis an advancement of \$8.8 million (4.2%) last year. However, the increase in deposits of the rest of the public sector strengthened to \$27.0 million (12.0%) from \$17.2 million (8.4%) in 2022.

At end-March, the bulk of deposit liabilities were denominated in Bahamian dollars (94.1%), while US dollars comprised the majority of the remainder. An analysis by holder revealed that private individuals held the largest share of total local currency accounts, at 52.9%, followed by business firms (31.5%), private financial institutions (6.1%), the public sector (5.7%), and “other” miscellaneous entities (3.8%).

A breakdown by deposit category showed that demand balances constituted the largest share of deposit accounts, at 47.7%, followed by savings (26.4%), and fixed (25.9%) accounts. By range of value and number, Bahamian dollar balances of \$10,000 or less represented the majority of accounts (87.2%), but only 5.6% of the total value. Accounts with balances between \$10,000 and \$50,000 accounted for 8.5% of total accounts, and 10.7% of the aggregate value, while accounts with balances of \$50,000 or more comprised only 4.4% of total accounts, but 83.8% of the overall value.

CREDIT QUALITY

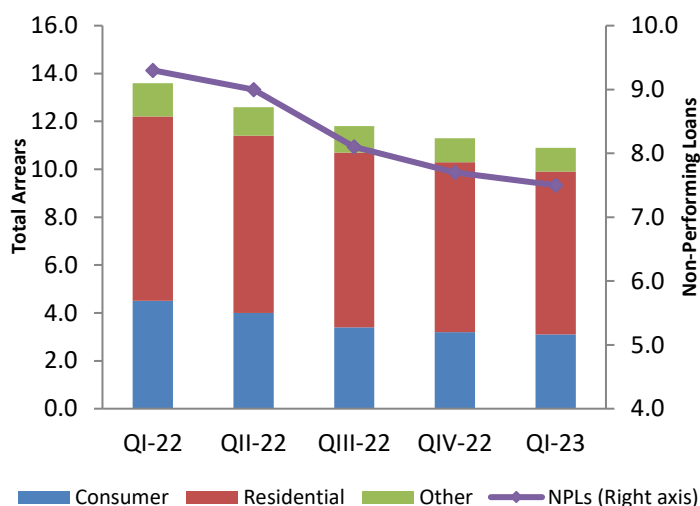
Banks’ credit quality indicators strengthened over the review period, against the backdrop of an improved economy and continued loan write-offs. Total private sector loan arrears decreased by \$21.3 million (3.5%) over the quarter, and by \$151.9 million (20.5%) on an annual basis, to \$588.9 million. Correspondingly, the

attendant arrears to private sector loans ratio moved lower on a quarterly and annual basis by 0.4 and by 2.7 percentage points, respectively, to 11.0%.

Disaggregated by age of delinquency, non-performing loans (NPLs)—loans in excess of 90 days and on which banks have stopped accruing interest—declined by \$12.2 million (2.9%) to \$402.8 million, with the relevant ratio decreasing by 24 basis points to 7.5% of total private sector loans. Likewise, short-term arrears (31-90 days) reduced by \$9.0 million (4.6%) to \$186.2 million, as the attendant ratio fell by 17 basis points to 3.5% of total private sector loans.

The quarterly reduction in total private sector loans arrears was led by a \$16.6 million (4.3%) decline in mortgage delinquencies—at 62.0% of the total—to \$365.0 million, resulting in the associated ratio decreasing by 60 basis points to 14.6%. Further, the consumer segment fell by \$6.5 million (3.7%) to \$167.0 million, and the corresponding ratio by 37 basis points to 8.6%. In contrast, commercial arrears rose by \$1.8 million (3.2%) to \$56.9 million, contributing to a 12 basis point rise in the attendant ratio to 6.1%. Meanwhile, broad-based declines were registered for NPL rates across all loan categories. The NPL rate for consumer loans decreased to 5.8% from 9.1% a year earlier and for mortgages, to 9.9% from 10.9%. Further, the rate for commercial credit narrowed to 4.7% from 5.2% in 2022.

Loan Arrears as % of Total Private Sector Loans



PROVISIONS AND CAPITAL ADEQUACY

Reflective of the improvement in banks' credit quality indicators during the review quarter, banks reduced their provisions for loan losses by \$18.9 million (4.9%) to \$367.7 million. As a result, the ratio of total provisions to arrears narrowed by 92 basis points to 62.4%, while the ratio of provisions to NPLs reduced by 1.9 percentage points to 91.3%. Further, banks wrote-off an estimated \$15.3 million in bad loans and recovered approximately \$12.2 million, over the three-month period.

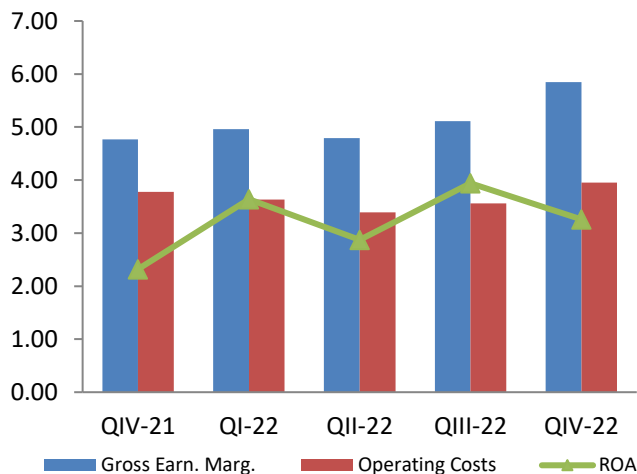
Banks' maintained robust capital levels during the review quarter, with the average ratio of capital to risk-weighted assets increasing by 1.0 percentage points to 35.9%. The ratio stayed well in excess of the minimum regulatory prescribed ratio of 17.0%.

BANK PROFITABILITY

During the fourth quarter of 2022—the latest available data—banks' net income expanded by \$32.4 million (52.3%) to \$94.2 million, as compared to the same period of 2021. The outturn largely reflected a decline in provisions for bad debt, depreciation and staff costs, combined with a rise in interest income. The net interest margin grew by \$14.2 million (10.2%) to \$153.7 million, as interest income moved higher by \$13.2 million (8.8%) to \$162.8 million, while interest expense fell by \$1.0 million (10.1%) to \$9.0 million. Further, the \$3.4 million (27.3%) rise in income from commission and foreign exchange fees, resulted in the gross earnings margin moving higher by \$17.6 million (11.6%) to \$169.4 million.

As it relates to non-interest expense, banks' operating costs rose by \$11.9 million (11.7%) to \$114.2 million. Contributing to this outturn, non-staff related operating costs—inclusive of professional and rental expenses—grew by \$12.2 million (21.6%) to \$69.0 million, while occupancy costs increased by \$1.3 million (41.0%) to \$4.4 million. However, staff costs fell by \$1.6 million (3.8%) to \$40.8 million. Further, banks' other net earnings increased more than three-fold to \$39.0 million from \$12.3 million in the comparative period of the prior year, as provisions for bad debt reduced by 38.9% to \$18.1 million and depreciation costs, by 49.3% to \$2.7 million, outstripping the other non-interest income, that moved higher by \$12.6 million (26.5%) to \$59.8 million.

Domestic Banks' Profitability
(% of Avg. Assets)



Against this backdrop, developments in banks' profitability ratios varied over the review period. As a percentage of average assets, the gross earnings margin firmed by 1.1 percentage points to 5.85%, as the interest margin ratio edged up by 1.0 percentage point to 5.31%, and the commission and foreign exchange income ratio moved higher by 5 basis points to 0.54%. Similarly, banks' net earnings margin grew by 92 basis points to 1.91%, as the operating costs ratio rose by 16 basis points to 3.95%. Further, the net income ratio expanded by 94 basis points to 3.26%, owing in part to a reduction in bad debt expense.

INTEREST RATES

During the first quarter, the weighted average interest rate spread at commercial banks narrowed by 43 basis points to 10.25 percentage points. Contributing to this development, the weighted average lending rate reduced by 32 basis points to 10.88%. In contrast, the weighted average deposit rate increased by 11 basis points to 0.63%.

As it relates to lending, decreases were recorded across all categories. Specifically, the average rate on commercial mortgages fell by 70 basis points to 6.38%. Similarly, mean rates for overdrafts moved lower by 51 basis points to 10.77%; consumer loans, by 18 basis points to 12.69%; and residential mortgages, by 2 basis points to 5.14%.

With regard to deposits, the average rate on demand balances held steady at 0.25%, while the average rate on savings balances edged down by 1 basis point to 0.28%. Meanwhile, the average range of interest offered on fixed balances shifted to 0.27%-1.25% from 0.26%-1.19%.

Banking Sector Interest Rates			
Period Average (%)			
	Qtr. I	Qtr. IV	Qtr. I
	2022	2022	2023
Deposit Rates			
Demand Deposits	0.46	0.25	0.25
Savings Deposits	0.47	0.29	0.28
Fixed Deposits			
Up to 3 months	0.26	0.26	0.27
Up to 6 months	0.42	0.26	0.33
Up to 12 months	0.56	0.49	0.55
Over 12 months	1.05	1.19	1.25
Weighted Avg. Dep. Rate	0.52	0.52	0.63
Lending Rates			
Residential mortgages	5.24	5.16	5.14
Commercial mortgages	7.33	7.08	6.38
Consumer loans	12.94	12.87	12.69
Other Local Loans	6.35	6.83	5.13
Overdrafts	11.07	11.28	10.77
Weighted Avg. Loan Rate	10.63	11.20	10.88

In other key interest rate developments, the average Treasury bill rate edged up by 1 basis point to 2.89%, while the Central Bank’s Discount rate and commercial banks’ Prime rate were unchanged at 4.00% and 4.25%, respectively.

CAPITAL MARKET DEVELOPMENTS

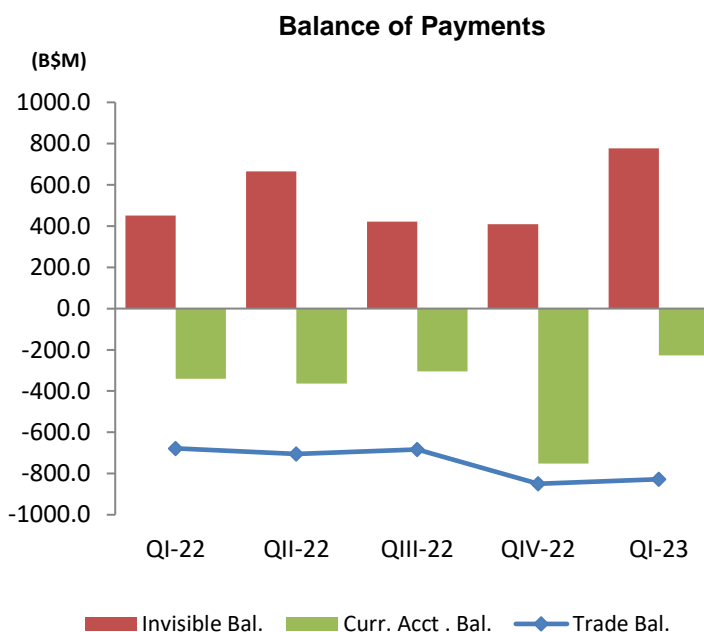
Capital market performance was mixed during the review quarter. Specifically, the volume of shares traded on the Bahamas International Securities Exchange (BISX) grew further by 23.9% to 1.6 million shares, compared with a 16.4% growth to 2.3 million shares in the corresponding quarter of 2022. Correspondingly, the aggregate value of shares trades increased by \$16.7 million (130.6%) to \$29.4 million, a switch from a \$24.5 million (54.0%) reduction in the prior year.

During the review quarter, the BISX All Share Price Index declined by 9.4% to 2,397.37 points, a turnaround from a 0.1% uptick in the same period last year. However, market capitalization increased by 7.1% to \$9.8 billion, although lower than the 10.8% expansion in 2022.

Further, the number of publicly traded securities on the exchange remained unchanged at 261. These comprised 20 ordinary shares, 8 preference shares, and 233 debt tranches (of which, 224 were Bahamas Government registered stocks).

INTERNATIONAL TRADE AND PAYMENTS

Based on preliminary estimates for the first quarter of 2023, the external current account deficit narrowed to \$226.6 million (33.5%) from \$340.7 million in the corresponding period of 2022. Underpinning this development, was a notable expansion in the services account surplus to \$776.6 million (72.1%), from \$451.3 million in the preceding year, on account of sustained growth in travel receipts. Meanwhile, the financial account inflows, excluding reserve assets, declined to \$311.7 million from \$563.2 million a year earlier, mainly reflecting a significant reduction in net loan receipts and a decline in net private direct investments. Further, the estimated capital account transfers reported nil transactions during the first quarter, similar to the prior year.



The estimated merchandise trade deficit widened by \$149.4 million (22.0%) to \$827.5 million, as imports grew by \$145.2 million (17.1%) to \$994.9 million, while exports fell by \$4.2 million (2.4%) to \$167.4 million. A further breakdown of trade flows showed that payments for fuel imports decreased by \$58.4 million (24.3%) to \$182.4 million, amid relatively stable global oil prices. In terms of the fuel sub-components, the average per barrel costs for aviation gas rose to \$236.17 from \$196.80; and for kerosene jet-fuel, to \$135.02 from \$117.87. In addition, average per barrel prices increased for motor gas, to \$133.05 from \$118.94; and for gas oil, to \$111.95 from \$110.53. In contrast, costs fell for bunker-c to \$147.56 from \$223.32 and for propane to \$59.34 from \$74.69 per barrel.

The estimated surplus on the services account advanced to \$776.6 million in the first quarter of 2023, from \$451.3 million during the corresponding period of 2022. Contributing to this outturn was a significant growth in travel receipts to \$1,100.9 million from \$740.9 million in the previous year, as tourism sector performance remained buoyant. Further, net payments for Government goods and services fell by \$15.0 million (37.5%) to \$25.1 million and for insurance services, by \$8.4 million (14.9%) to \$47.9 million. In addition, net outflows for construction services decreased by \$4.9 million (19.3%) to \$20.6 million. In a partial offset, net payments for transportation services grew by \$47.9 million (62.3%) to \$124.8 million, and for 'other' business services, by \$10.5 million (13.5%) to \$88.4 million. Net outflows for telecommunications, computer and information services also rose by \$3.6 million (32.4%) to \$14.7 million, while charges for the use of intellectual property firmed by \$1.1 million (63.1%) to \$2.8 million.

During the review quarter, the primary income account deficit (against wages and investment income), increased by \$78.9 million (65.1%) to \$200.0 million. Notably, net investment income outflows rose to \$174.3 million from \$101.9 million in the previous year, as direct investment net outflows expanded by \$28.6 million (61.7%) to \$75.0 million. Further, 'other' net investment outflows—inclusive of interest and dividends by banks, other companies and charges on Government liabilities—moved higher by \$25.1 million (66.6%) to \$62.9 million and net remittances against portfolio investments, by \$18.6 million (80.0%) to \$41.9 million. Similarly, net remittances for employees' compensation rose modestly by \$6.5 million (33.8%) to \$25.7 million.

The secondary income account surplus, which predominantly reflects net transfers, widened to \$24.3 million from \$7.2 million in the year prior, as general Government net inflows surged to \$54.1 million from \$22.9 million in the preceding year. Conversely, various private financial and non-financial corporations' net payments were higher by \$6.5 million (32.7%) at \$26.4 million, inclusive of a marginal decline in the workers' remittances portion. In addition, 'other' net current private transfers' transactions reversed to a \$3.3 million outflow from a \$4.2 million inflow a year earlier.

During the fourth quarter, there were no estimated transfers for the capital account—which encompassed financial corporations, non-financial corporations, households, and non-financial institutions serving households (NPISHs), which was similar to the preceding year.

The net financial inflows—representing net investment inflows—moderated to \$311.7 million from \$563.2 million in the prior year. Underlying this development, 'other' investments inflows reduced to \$126.2 million from \$568.8 million in the preceding year, largely reflective of a sharp decline in net inflows from loans to \$60.0 million from \$357.2 million in 2022. Further, net receipts from currency and deposits (*vis-à-vis* banking sector exposures) fell to \$102.4 million from \$106.9 million in the previous year. In addition, owing to valuation changes, IMF Special Drawing Rights (SDRs) reported a lower net allocation receipt of \$2.4 million from \$5.3 million a year earlier. Further, 'other' private sector related accounts receivable transactions reverted to a \$38.6 million net outflow from a net receipt of \$99.5 million in the year prior. Direct investment inflows also reduced to \$15.6 million from \$65.0 million in 2022, attributed to a \$15.5 million (17.9%) reduction in equity and investment fund shares to \$71.3 million, while net outflows related to debt instruments widened to \$55.8 million from \$21.9 million the previous year. Providing some offset, the net portfolio investment position reversed to a \$169.9 million inflow from a \$70.6 million net outflow in 2022, on account of inflows related to debt securities and equity and investment fund shares of \$104.5 million and \$65.5 million, respectively, *vis-à-vis* net payments of \$41.9 million and \$28.7 million in the preceding year.

As a result of these developments, and adjusting for net errors and omissions, the surplus in reserve assets, which corresponds to the change in the Central Bank's external reserves, declined markedly to \$56.4 million from \$568.6 million in the first quarter of 2022.

INTERNATIONAL ECONOMIC DEVELOPMENTS

During the first quarter, indications are that growth in the global economy slowed, amid the prolonged geopolitical tensions in Eastern Europe and high inflation levels. In this environment, the major central banks maintained their monetary policy tightening stances, in an effort to lower inflation and encourage economic growth.

All of the major economies recorded growth during the first quarter, albeit at a moderated pace. Specifically, in the United States, real economic output grew at an annualized rate of 1.3% in the three months to March, a slowdown from the 2.6% increase in the previous quarter, owing to reductions in private inventory and non-residential fixed investments. Similar trends were observed in the United Kingdom, which recorded real GDP growth of 0.1%, a similar magnitude as the preceding quarter, underpinned by gains in the services, production and construction sectors. Meanwhile, in the euro area, real output increased by 0.1% in the first quarter, following a flat outturn in the prior quarter. Further, in the Asian market, Japan's real economy rose by an annualized rate of 1.3%, extending the previous quarter's 0.4% growth, attributed to expansions in households and private consumption. In addition, China's real GDP expanded by 4.5% in the three months to March, strengthening the 2.9% gain in the preceding quarter.

Labour market conditions improved for most of the major economies during the review quarter. In particular, the unemployment rate in the United States fell by 10 basis points, to an average rate of 3.5% during the first quarter, as non-farm payroll rose by 236,000, primarily attributed to gains in leisure and hospitality, Government, business services, and health care. Likewise, in the euro area, the jobless rate narrowed by 10 basis points to 6.5%, as the number of unemployed persons reduced by 365,000. Similarly, China's unemployment rate decreased by 20 basis points to 5.3%. Conversely, Japan's jobless rate increased by 20 basis points to 2.6%, while the United Kingdom's unemployment rate moved higher by 10 basis points to 3.8%.

Inflationary pressures moderated during the review quarter, reflective of a retrenchment in global energy prices and major central banks' hike in interest rates. Specifically, in the United States, the annualized inflation rate declined to 5.0% in March from 6.5% in December, undergirded by lower energy costs. Similarly, in the United Kingdom, consumer prices reduced by 30 basis points to an annualized rate of 8.9%, vis-à-vis the previous quarter, reflective of decreases in the costs for motor fuels and housing and household services. Likewise, the euro area's annualized inflation rate fell to 6.9% from 9.2%, over the prior quarter, largely attributed to a reduction in energy prices. In Asia, China's year-on-year inflation rate narrowed to an annualized 0.7% from 1.8% in the previous quarter, while in Japan, consumer prices declined by an annualized 3.2% in March, vis-à-vis 4.0% in the preceding quarter.

In foreign market developments, during the first quarter, the United States' dollar depreciated across most of the major currencies. Specifically, the dollar weakened against the euro, by 13.8% to €0.92, and the British pound, by 12.3% to £0.81. Similarly, the dollar decreased relative to the Swiss Franc, by 1.0% to CHF0.92, the Chinese Renminbi, by 0.4% to CNY 6.87 and the Canadian dollar, by 0.3% to CAD\$1.35. In contrast, the dollar appreciated vis-à-vis the Japanese yen, by 1.3% to ¥132.86.

Most major equity markets reported positive movements during the review quarter. In particular, in the United States, the S&P 500 index rose by 7.0%, and the Dow Jones Industrial Average (DIJA), by 0.4%. Broad-based gains were also noted in the European bourses, as France's CAC 40 grew by 13.1%, Germany's DAX by 12.3%, and the United Kingdom's FTSE 100 by 2.4%. In the Asian markets, Japan's Nikkei and China's SE Composite increased by 7.5% and 6.0%, respectively.

Reflective of a slowdown in economic activities, average crude oil prices decreased by 10.8% to \$84.30 per barrel during the first quarter of 2023. In the precious metals market, the average price of silver fell by 4.7% to \$22.91 per troy ounce. In contrast, the average cost of gold rose by 1.4% to \$1,908.19 per troy ounce during the first quarter.

Developments in the external sector were mixed during the review quarter. In particular, in the United States, the trade deficit contracted by \$3.6 billion (1.7%) to \$203.0 billion, vis-à-vis the previous quarter, as the \$6.2 billion (0.8%) expansion in exports to \$967.9 billion outpaced the \$2.1 billion (0.2%) rise in imports to \$764.9 billion. In addition, the United Kingdom's trade deficit narrowed by £10.2 billion to £15.1 billion, underpinned by a £15.4 billion falloff in imports, which overshadowed the £5.2 billion decrease in exports, relative to the prior quarter. Further, the euro area recorded a trade deficit of just €2.6 billion, vis-à-vis a deficit of €78.6 billion in the previous quarter, on account of an 11.5% reduction in imports, which outstripped the 1.4% decline in exports. In Asia, preliminary data revealed Japan's trade deficit reduced to ¥5,159.0 billion from ¥5,662.0 billion, in the previous quarter, as an 11.1% falloff in imports, outpaced the 4.8% decrease in exports. Meanwhile, China's trade surplus broadened by \$41.8 billion (26.0%) to \$204.7 billion during the three-months to March, attributed to an 11.0% expansion in exports, combined with a 6.2% contraction in imports.

In an attempt to reduce inflation, amid ongoing geopolitical unrest in the Black Sea region, and stimulate economic growth, during the review quarter, some of the major central banks sustained their monetary policy tightening stances. Specifically, the United States' Federal Reserve raised the target range for the federal funds rate to 4.75%-5.00% from 4.25%-4.50% in the prior quarter, citing the negative impact of the ongoing conflict between Russia and Ukraine, which contributed to elevated inflation and curtailed economic growth. Similarly, the Bank of England increased its main policy rate to 4.25% from 3.50% in the previous quarter, with its Government bond purchase programme at £818 billion. In addition, the European Central Bank's key interest rates also moved higher for the main refinancing operations, to 3.50% from 2.50%, the marginal lending facility, to 3.75% from 2.75%, and the deposit facility, to 3.00% from 2.00%. Further, the Bank also maintained its stance on reinvesting in the pandemic emergency purchase programme (PEPP) and asset purchase programme (APP). In Asia, the Bank of Japan left its policy rate at -0.1%, while the People's Bank of China held its reverse repo rate at 2.10%.

STATISTICAL APPENDIX (TABLES I-I6)

TABLE 1
FINANCIAL SURVEY

Period	2018	2019	2020	2021		2022				2023
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
(B\$ Millions)										
Net foreign assets	1,072.1	1,790.7	2,141.9	2,569.2	2,337.9	2,985.0	3,269.8	3,258.4	2,574.4	2,639.5
Central Bank	1,196.3	1,758.1	2,382.2	2,709.9	2,432.8	3,001.6	3,235.8	3,199.7	2,611.0	2,668.2
Domestic Banks	(124.2)	32.6	(240.2)	(140.7)	(94.9)	(16.5)	34.0	58.7	(36.7)	(28.6)
Net domestic assets	5,486.4	5,497.7	5,209.0	5,176.8	5,641.9	5,353.2	5,461.4	5,531.5	6,407.4	6,373.4
Domestic credit	8,911.2	8,957.1	8,614.4	8,800.0	8,929.0	8,640.4	8,646.5	8,682.8	9,218.6	9,163.9
Public sector	3,025.0	3,065.5	2,848.3	3,085.0	3,248.3	3,000.9	3,037.5	3,047.8	3,557.0	3,515.5
Government (net)	2,539.3	2,620.9	2,524.4	2,764.6	2,933.1	2,686.2	2,685.0	2,695.4	3,209.6	3,170.7
Rest of public sector	485.8	444.6	323.8	320.4	315.2	314.7	352.5	352.4	347.4	344.8
Private sector	5,886.2	5,891.6	5,766.1	5,715.0	5,680.7	5,639.5	5,609.0	5,634.9	5,661.6	5,648.4
Other items (net)	(3,424.8)	(3,459.4)	(3,405.4)	(3,623.2)	(3,287.1)	(3,287.2)	(3,185.1)	(3,151.3)	(2,811.2)	(2,790.4)
Monetary liabilities	7,108.8	7,892.8	7,864.2	8,223.8	8,220.7	8,586.4	8,982.4	9,046.8	8,990.5	9,017.0
Money	2,728.2	3,248.4	3,472.1	3,706.4	3,715.5	4,017.8	4,288.6	4,274.2	4,298.1	4,254.2
Currency	310.4	336.8	373.0	381.5	385.9	382.6	393.4	405.1	422.8	425.7
Demand deposits	2,417.7	2,911.6	3,099.1	3,324.9	3,329.6	3,635.2	3,895.2	3,869.1	3,875.3	3,828.5
Quasi-money	4,380.7	4,644.4	4,392.1	4,517.4	4,505.2	4,568.5	4,693.8	4,772.7	4,692.4	4,762.8
Fixed deposits	2,552.0	2,419.6	2,245.2	2,221.8	2,172.6	2,160.8	2,132.6	2,105.0	2,074.2	2,079.1
Savings deposits	1,427.1	1,637.0	1,788.4	1,880.9	1,885.0	1,947.4	2,030.8	2,050.4	2,094.6	2,177.5
Foreign currency	401.5	587.9	358.5	414.7	447.7	460.4	530.4	617.2	523.6	506.2
(percentage changes)										
Total domestic credit	0.8	0.5	(3.8)	1.7	1.5	(3.2)	0.1	0.4	6.2	(0.6)
Public sector	5.9	1.3	(7.1)	5.3	5.3	(7.6)	1.2	0.3	16.7	(1.2)
Government (net)	6.6	3.2	(3.7)	6.1	6.1	(8.4)	(0.0)	0.4	19.1	(1.2)
Rest of public sector	2.8	(8.5)	(27.2)	(1.2)	(1.6)	(0.2)	12.0	(0.0)	(1.4)	(0.7)
Private sector	(1.6)	0.1	(2.1)	(0.2)	(0.6)	(0.7)	(0.5)	0.5	0.5	(0.2)
Monetary liabilities	1.0	11.0	(0.4)	(0.0)	0.0	4.4	4.6	0.7	(0.6)	0.3
Money	2.8	19.1	6.9	(0.6)	0.4	8.1	6.7	(0.3)	0.6	(1.0)
Currency	6.1	8.5	10.8	2.5	2.9	(0.8)	2.8	2.9	4.3	0.7
Demand deposits	2.4	20.4	6.4	(0.9)	0.1	9.2	7.2	(0.7)	0.2	(1.2)
Quasi-money	(0.1)	6.0	(5.4)	0.4	(0.3)	1.4	2.7	1.7	(1.7)	1.5

Source: Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

Period	2018	2019	2020	2021		2022				2023
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
(B\$ Millions)										
Net foreign assets	1,394.7	2,133.1	2,520.0	2,907.3	2,680.4	3,341.1	3,641.8	3,649.6	2,970.5	3,022.1
Central Bank	1,196.3	1,758.1	2,382.2	2,709.9	2,432.8	3,001.6	3,235.8	3,199.7	2,611.0	2,668.2
Commercial banks	198.4	375.0	137.9	197.4	247.6	339.5	406.0	449.9	359.4	353.9
Net domestic assets	5,644.2	5,682.1	5,235.6	5,309.8	5,539.8	5,247.5	5,338.9	5,398.3	6,255.2	6,218.9
Domestic credit	8,866.4	8,898.8	8,546.6	8,760.8	8,884.5	8,597.9	8,592.7	8,600.4	9,115.1	9,073.4
Public sector	3,009.1	3,050.1	2,835.1	3,084.9	3,248.2	3,000.7	3,037.4	3,047.5	3,557.0	3,515.5
Government (net)	2,523.7	2,605.5	2,511.2	2,764.6	2,933.1	2,686.2	2,685.0	2,695.2	3,209.6	3,170.7
Rest of public sector	485.4	444.6	323.8	320.4	315.1	314.5	352.4	352.3	347.3	344.8
Private sector	5,857.2	5,848.6	5,711.6	5,675.9	5,636.3	5,597.1	5,555.3	5,552.8	5,558.1	5,557.9
Other items (net)	(3,222.2)	(3,216.7)	(3,311.0)	(3,451.0)	(3,344.7)	(3,350.3)	(3,253.8)	(3,202.1)	(2,859.9)	(2,854.5)
Monetary liabilities	7,038.4	7,814.3	7,754.6	8,216.2	8,212.3	8,581.1	8,972.9	9,040.6	8,985.0	9,010.4
Money	2,671.3	3,186.5	3,377.5	3,699.3	3,707.8	4,013.0	4,279.6	4,268.7	4,293.3	4,248.1
Currency	310.5	336.9	373.1	381.5	385.9	382.6	393.4	405.1	422.8	425.7
Demand deposits	2,360.8	2,849.6	3,004.4	3,317.8	3,321.9	3,630.4	3,886.2	3,863.6	3,870.5	3,822.4
Quasi-money	4,367.2	4,627.8	4,377.1	4,516.9	4,504.5	4,568.0	4,693.3	4,771.9	4,691.8	4,762.3
Savings deposits	1,427.1	1,637.0	1,788.4	1,880.9	1,885.0	1,947.4	2,030.8	2,050.4	2,094.6	2,177.5
Fixed deposits	2,540.6	2,408.3	2,230.8	2,221.8	2,172.6	2,160.8	2,132.6	2,105.0	2,074.2	2,079.1
Foreign currency deposits	399.4	582.5	357.9	414.3	446.9	459.9	529.9	616.5	522.9	505.8
(percentage change)										
Total domestic credit	0.7	0.4	(4.0)	1.7	1.4	(3.2)	(0.1)	0.1	6.0	(0.5)
Public sector	5.9	1.4	(7.1)	5.3	5.3	(7.6)	1.2	0.3	16.7	(1.2)
Government (net)	6.5	3.2	(3.6)	6.1	6.1	(8.4)	(0.0)	0.4	19.1	(1.2)
Rest of public sector	2.8	(8.4)	(27.2)	(1.2)	(1.6)	(0.2)	12.0	(0.0)	(1.4)	(0.7)
Private sector	(1.8)	(0.1)	(2.3)	(0.1)	(0.7)	(0.7)	(0.7)	(0.0)	0.1	(0.0)
Monetary liabilities	1.1	11.0	(0.8)	(0.1)	0.0	4.5	4.6	0.8	(0.6)	0.3
Money	3.1	19.3	6.0	(0.7)	0.4	8.2	6.6	(0.3)	0.6	(1.1)
Currency	6.1	8.5	10.7	2.5	2.9	(0.9)	2.8	2.9	4.3	0.7
Demand deposits	2.7	20.7	5.4	(1.0)	0.1	9.3	7.0	(0.6)	0.2	(1.2)
Quasi-money	(0.0)	6.0	(5.4)	0.4	(0.3)	1.4	2.7	1.7	(1.7)	1.5

Source: Central Bank of The Bahamas

**TABLE 3
CENTRAL BANK BALANCE SHEET**

Period	(B\$ Millions)									
	2018	2019	2020	2021		2022				2023
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
Net foreign assets	1,196.3	1,758.1	2,382.2	2,709.9	2,432.8	3,001.6	3,235.8	3,199.7	2,611.0	2,668.2
Balances with banks abroad	375.8	794.5	307.6	511.8	323.8	662.7	813.1	693.5	622.8	715.0
Foreign securities	670.5	779.8	1,867.6	1,749.3	1,663.1	1,887.2	1,998.4	2,093.6	1,795.2	1,759.7
Reserve position in the Fund	26.8	26.7	27.8	27.2	27.0	27.3	26.5	27.4	25.7	25.2
SDR holdings	123.2	157.1	179.2	421.6	418.9	424.3	397.9	385.2	167.3	168.2
Net domestic assets	228.4	145.4	(85.4)	(62.4)	192.7	(36.1)	66.6	184.1	481.0	462.2
Net claims on Government	503.6	395.9	172.8	235.8	457.9	280.1	365.9	434.6	790.6	772.6
Claims	525.1	460.4	252.5	423.9	620.9	532.7	512.5	505.2	882.9	871.4
Treasury bills	155.7	135.3	13.8	31.2	14.0	0.0	0.0	0.0	11.7	1.3
Bahamas registered stock	249.0	249.9	232.9	232.2	340.9	326.6	306.6	299.3	301.7	303.1
Loans and advances	120.4	75.2	5.8	160.6	266.1	206.0	205.9	205.9	569.5	566.9
Deposits	(21.6)	(64.4)	(79.7)	(188.1)	(163.0)	(252.5)	(146.6)	(70.6)	(92.3)	(98.8)
In local currency	(21.6)	(64.4)	(79.7)	(188.1)	(163.0)	(252.5)	(146.6)	(70.6)	(92.3)	(98.8)
In foreign currency	-	-	-	-	-	-	-	-	-	-
Deposits of rest of public sector	(74.6)	(49.6)	(52.1)	(47.3)	(69.4)	(117.2)	(92.8)	(43.9)	(94.9)	(88.0)
Credit to commercial banks	-	-	-	-	-	-	-	-	-	-
Official capital and surplus	(208.0)	(226.8)	(239.4)	(238.8)	(241.0)	(241.3)	(240.4)	(241.4)	(239.5)	(236.9)
Net unclassified assets	(0.2)	18.9	26.6	(19.3)	38.1	35.2	27.1	27.9	17.8	7.4
Loans to rest of public sector	2.5	2.3	2.0	1.9	1.9	1.9	1.6	1.6	1.6	1.7
Public Corp Bonds/Securities	5.2	4.8	4.7	5.3	5.2	5.2	5.2	5.2	5.3	5.3
Liabilities To Domestic Banks	(940.9)	(1,394.4)	(1,744.5)	(1,844.3)	(1,814.0)	(2,151.9)	(2,504.5)	(2,587.8)	(2,262.4)	(2,293.2)
Notes and coins	(149.3)	(151.5)	(173.3)	(137.8)	(170.9)	(138.2)	(136.7)	(134.0)	(177.8)	(121.2)
Deposits	(791.7)	(1,242.9)	(1,571.2)	(1,706.6)	(1,643.1)	(2,013.7)	(2,367.8)	(2,453.9)	(2,084.6)	(2,171.9)
SDR allocation	(173.3)	(172.3)	(179.2)	(421.6)	(418.9)	(424.3)	(397.8)	(384.1)	(400.1)	(404.8)
Currency held by the private sector	(310.4)	(336.8)	(373.0)	(381.5)	(385.9)	(382.6)	(393.4)	(405.1)	(422.8)	(425.7)

Source: Central Bank of The Bahamas

TABLE 4
DOMESTIC BANKS BALANCE SHEET

(B\$ Millions)

Period	2018	2019	2020	2021		2022				2023
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
Net foreign assets	(124.2)	32.6	(240.2)	(140.7)	(94.9)	(16.5)	34.0	58.7	(36.7)	(28.6)
Net claims on Central Bank	941.9	1,395.3	1,745.5	1,845.2	1,815.0	2,152.8	2,505.4	2,571.1	2,263.3	2,286.6
Notes and Coins	149.3	151.5	173.3	137.8	170.9	138.2	136.7	134.0	177.8	121.2
Balances	792.6	1,243.8	1,572.1	1,707.5	1,644.1	2,014.6	2,368.6	2,437.1	2,085.5	2,165.3
Less Central Bank credit	-	-	-	-	-	-	-	-	-	-
Net domestic assets	5,482.2	5,672.6	5,689.0	5,853.9	5,841.0	5,728.9	5,704.4	5,693.8	6,020.6	5,992.8
Net claims on Government	2,035.7	2,225.0	2,351.6	2,528.8	2,475.2	2,406.1	2,319.1	2,260.9	2,419.0	2,398.1
Treasury bills	669.8	771.9	830.2	965.2	939.8	956.8	755.2	752.9	849.1	843.5
Other securities	990.9	985.4	907.5	910.0	926.5	935.7	1,063.0	1,021.2	1,091.4	1,098.6
Loans and advances	564.4	688.8	906.5	860.2	820.8	734.3	725.8	724.4	710.9	696.3
Less: deposits	189.4	221.1	292.5	206.6	211.9	220.7	224.9	237.7	232.3	240.3
Net claims on rest of public sector	54.2	31.7	72.2	76.6	103.8	86.2	93.2	71.3	114.9	85.2
Securities	229.5	230.9	226.1	230.4	230.6	230.7	231.0	229.9	229.8	229.6
Loans and advances	248.6	206.6	91.0	82.8	77.4	76.9	114.7	115.7	110.6	108.3
Less: deposits	423.9	405.8	244.9	236.7	204.3	221.4	252.5	274.2	225.6	252.6
Other net claims	(1.0)	18.8	2.7	(0.4)	(0.7)	16.9	(0.1)	(4.4)	(0.0)	(3.4)
Credit to the private sector	5,886.2	5,891.6	5,766.1	5,715.0	5,680.7	5,639.5	5,609.0	5,634.9	5,661.6	5,648.4
Securities	32.3	26.0	21.1	24.2	52.9	53.0	61.5	58.7	60.0	60.1
Mortgages	2,935.3	2,912.2	2,886.8	2,850.4	2,838.9	2,844.3	2,835.1	2,866.7	2,888.4	2,858.3
Loans and advances	2,918.5	2,953.4	2,858.2	2,840.4	2,788.9	2,742.2	2,712.4	2,709.5	2,713.2	2,730.0
Private capital and surplus	(2,642.6)	(2,394.7)	(2,438.5)	(2,391.6)	(2,342.1)	(2,399.3)	(2,320.6)	(2,324.2)	(2,218.7)	(2,162.9)
Net unclassified assets	149.9	(99.8)	(65.2)	(74.5)	(75.9)	(20.5)	3.8	55.3	43.9	27.4
Liabilities to private sector	6,299.9	7,100.6	7,194.2	7,558.4	7,561.1	7,865.2	8,243.7	8,323.6	8,247.3	8,250.7
Demand deposits	2,503.6	3,116.5	3,199.1	3,483.9	3,509.2	3,760.4	4,082.5	4,158.1	4,058.3	3,968.1
Savings deposits	1,454.3	1,667.3	1,822.3	1,920.2	1,924.2	1,987.2	2,068.5	2,092.7	2,131.1	2,216.4
Fixed deposits	2,342.0	2,316.7	2,172.8	2,154.2	2,127.6	2,117.6	2,092.7	2,072.9	2,057.9	2,066.2

Source: Central Bank of The Bahamas

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

(B\$'000s)

Period	2019	2020	2021	2021				2022			
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
1. Interest Income	588,167	584,761	581,035	141,871	145,414	144,159	149,591	133,920	136,517	133,923	145,369
2. Interest Expense	50,604	38,707	39,945	9,947	9,977	9,958	10,063	10,062	9,368	9,388	9,066
3. Interest Margin (1-2)	537,563	546,054	541,090	131,924	135,437	134,201	139,528	123,858	127,149	124,535	136,303
4. Commission & Forex Income	31,624	43,274	48,206	11,999	11,242	12,673	12,292	14,338	13,417	15,306	13,785
5. Gross Earnings Margin (3+4)	569,187	589,328	589,296	143,923	146,679	146,874	151,820	138,196	140,566	139,841	150,088
6. Staff Costs	160,672	159,221	157,594	37,471	37,185	40,534	42,404	44,377	38,919	37,147	41,615
7. Occupancy Costs	26,341	26,753	14,561	3,267	3,890	4,312	3,092	3,897	3,024	3,229	2,525
8. Other Operating Costs	204,955	214,004	294,780	124,497	54,816	58,727	56,740	61,322	60,932	58,581	60,470
9. Operating Costs (6+7+8)	391,968	398,943	466,935	165,235	95,891	103,573	102,236	109,596	102,875	98,957	104,610
10. Net Earnings Margin (5-9)	177,219	190,385	122,361	-21,312	50,788	43,301	49,584	28,600	37,691	40,884	45,478
11. Depreciation Costs	12,040	15,712	20,124	4,524	4,353	5,908	5,339	5,176	5,321	5,835	5,954
12. Provisions for Bad Debt	84,264	221,948	146,852	73,356	26,272	17,547	29,677	19,292	-17,791	4,779	-20,935
13. Other Income	170,527	164,695	169,697	36,627	39,941	45,858	47,271	62,938	52,932	53,638	55,310
14. Other Income (Net) (13-11-12)	74,223	(72,965)	2,721	-41,253	9,316	22,403	12,255	38,470	65,402	43,024	70,291
15. Net Income (10+14)	251,442	117,420	125,082	-62,565	60,104	65,704	61,839	67,070	103,093	83,908	115,769
16. Effective Interest Rate Spread (%)	6.80	6.93	6.98	6.88	6.72	6.88	7.44	6.52	6.48	6.68	7.16
(Ratios To Average Assets)											
Interest Margin	5.20	4.78	4.60	4.73	4.61	4.77	4.28	4.36	4.32	4.70	3.93
Commission & Forex Income	0.36	0.37	0.44	0.39	0.44	0.42	0.50	0.46	0.53	0.48	0.60
Gross Earnings Margin	5.56	5.15	5.04	5.13	5.05	5.19	4.77	4.82	4.85	5.17	4.53
Operating Costs	3.78	4.13	3.55	3.35	3.56	3.50	3.78	3.53	3.43	3.61	4.23
Net Earnings Margin	1.78	1.02	1.49	1.78	1.49	1.70	0.99	1.29	1.42	1.57	0.30
Net Income/Loss	2.44	(0.05)	2.20	2.10	2.26	2.12	2.32	3.54	2.91	3.99	2.47

*Commercial Banks and OLFIs with domestic operations

Source: Central Bank of The Bahamas

**TABLE 6
MONEY SUPPLY**

(B\$ Millions)

End of Period	2018	2019	2020	2021		2022				2023
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
Money Supply (M1)	2,728.2	3,248.4	3,472.1	3,706.4	3,722.2	4,024.5	4,295.3	4,280.8	4,304.8	4,260.9
1) Currency in active circulation	310.4	336.8	373.0	381.5	392.6	389.3	400.1	411.8	429.5	432.4
2) Demand deposits	2,417.7	2,911.6	3,099.1	3,324.9	3,329.6	3,635.2	3,895.2	3,869.1	3,875.3	3,828.5
Central Bank	74.6	49.6	52.1	47.3	69.4	117.2	92.8	43.9	94.9	88.0
Domestic Banks	2,343.1	2,861.9	3,047.0	3,277.6	3,260.1	3,518.0	3,802.5	3,825.2	3,780.5	3,740.5
Factors affecting money (M1)										
1) Net credit to Government	2,539.3	2,620.9	2,524.4	2,764.6	2,933.1	2,686.2	2,685.0	2,695.4	3,209.6	3,170.7
Central Bank	503.6	395.9	172.8	235.8	457.9	280.1	365.9	434.6	790.6	772.6
Domestic banks	2,035.7	2,225.0	2,351.6	2,528.8	2,475.2	2,406.1	2,319.1	2,260.9	2,419.0	2,398.1
2) Other credit	6,371.9	6,336.2	6,090.0	6,035.4	5,995.9	5,954.2	5,961.5	5,987.3	6,008.9	5,993.2
Rest of public sector	485.8	444.6	323.8	320.4	315.2	314.7	352.5	352.4	347.4	344.8
Private sector	5,886.2	5,891.6	5,766.1	5,715.0	5,680.7	5,639.5	5,609.0	5,634.9	5,661.6	5,648.4
3) External reserves	1,196.3	1,758.1	2,382.2	2,709.9	2,432.8	3,001.6	3,235.8	3,199.7	2,611.0	2,668.2
4) Other external liabilities (net)	(124.2)	32.6	(240.2)	(140.7)	(94.9)	(16.5)	34.0	58.7	(36.7)	(28.6)
5) Quasi money	4,380.7	4,644.4	4,392.1	4,517.4	4,505.2	4,568.5	4,693.8	4,772.7	4,692.4	4,762.8
6) Other items (net)	(3,424.8)	(3,459.4)	(3,405.4)	(3,623.2)	(3,287.1)	(3,287.2)	(3,185.1)	(3,151.3)	(2,811.2)	(2,790.4)

Source: Central Bank of The Bahamas

TABLE 7
CONSUMER INSTALMENT CREDIT

(B\$' 000)										
End of Period	2018	2019	2020	2021		2022				2023
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
CREDIT OUTSTANDING										
Private cars	146,286	135,786	129,299	121,372	118,391	116,969	115,835	116,325	120,196	127,489
Taxis & rented cars	948	1,028	892	762	660	733	777	819	932	910
Commercial vehicles	1,036	1,156	1,024	1,014	987	1,016	932	814	872	956
Furnishings & domestic appliances	8,205	9,246	8,911	9,132	9,831	10,176	10,685	11,369	12,509	13,387
Travel	50,872	65,037	63,654	59,810	57,203	57,040	56,754	54,614	52,997	51,394
Education	43,067	39,976	37,150	37,118	35,702	34,775	34,556	33,565	31,476	30,504
Medical	12,773	11,873	11,384	11,984	12,038	11,963	12,222	11,532	11,131	11,526
Home Improvements	102,022	101,255	98,358	102,009	100,202	96,622	94,884	92,436	92,212	92,348
Land Purchases	139,093	131,400	127,176	134,971	134,991	131,163	130,128	127,981	127,593	124,780
Consolidation of debt	922,138	908,422	902,968	878,468	857,664	834,995	822,676	803,336	786,721	779,094
Miscellaneous	541,719	530,172	528,391	512,886	489,727	480,712	483,945	478,735	479,450	486,100
Credit Cards	249,069	272,999	245,397	221,867	217,121	215,366	217,032	215,553	221,336	221,883
TOTAL	2,217,228	2,208,350	2,154,604	2,091,393	2,034,517	1,991,530	1,980,426	1,947,079	1,937,425	1,940,371
NET CREDIT EXTENDED										
Private cars	(17,688)	(10,500)	(6,487)	(3,579)	(2,981)	(1,422)	(1,134)	490	3,871	7,293
Taxis & rented cars	152	80	(136)	18	(102)	73	44	42	113	(22)
Commercial vehicles	(172)	120	(132)	(65)	(27)	29	(84)	(118)	58	84
Furnishings & domestic appliances	(288)	1,041	(335)	(163)	699	345	509	684	1,140	878
Travel	5,415	14,165	(1,383)	(2,234)	(2,607)	(163)	(286)	(2,140)	(1,617)	(1,603)
Education	(9,998)	(3,091)	(2,826)	748	(1,416)	(927)	(219)	(991)	(2,089)	(972)
Medical	748	(900)	(489)	42	54	(75)	259	(690)	(401)	395
Home Improvements	(11,876)	(767)	(2,897)	3,007	(1,807)	(3,580)	(1,738)	(2,448)	(224)	136
Land Purchases	(13,678)	(7,693)	(4,224)	5,010	20	(3,828)	(1,035)	(2,147)	(388)	(2,813)
Consolidation of debt	(28,933)	(13,716)	(5,454)	(10,446)	(20,804)	(22,669)	(12,319)	(19,340)	(16,615)	(7,627)
Miscellaneous	(22,984)	(11,547)	(1,781)	(11,643)	(23,159)	(9,015)	3,233	(5,210)	715	6,650
Credit Cards	(5,783)	23,930	(27,602)	(3,545)	(4,746)	(1,755)	1,666	(1,479)	5,783	547
TOTAL	(105,085)	(8,878)	(53,746)	(22,850)	(56,876)	(42,987)	(11,104)	(33,347)	(9,654)	2,946

Source: Central Bank of The Bahamas

**TABLE 8
SELECTED AVERAGE INTEREST RATES**

Period	(%)										
	2019	2020	2021	2021			2022				2023
				Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
DOMESTIC BANKS											
Deposit rates											
Demand deposits	0.36	0.59	0.66	0.67	0.67	0.72	0.46	0.69	0.36	0.25	0.25
Savings deposits	0.38	0.44	0.40	0.38	0.43	0.42	0.47	0.50	0.33	0.29	0.28
Fixed deposits											
Up to 3 months	0.35	0.28	0.27	0.28	0.27	0.26	0.26	0.31	0.28	0.26	0.27
Up to 6 months	0.56	0.41	0.37	0.34	0.41	0.34	0.42	0.37	0.39	0.26	0.33
Up to 12 months	0.68	0.66	0.75	0.73	0.76	0.70	0.56	0.45	0.51	0.49	0.55
Over 12 months	0.90	0.86	1.21	1.17	1.34	1.12	1.05	1.03	0.72	1.19	1.25
Weighted average rate	0.57	0.45	0.52	0.48	0.53	0.52	0.52	0.48	0.47	0.52	0.63
Lending rates											
Residential mortgages	4.91	5.26	5.14	5.08	5.21	5.08	5.24	5.29	5.21	5.16	5.14
Commercial mortgages	6.52	7.22	6.03	6.33	5.19	6.20	7.33	5.25	7.08	7.08	6.38
Consumer loans	12.86	12.52	12.34	12.25	12.28	12.65	12.94	12.95	13.08	12.87	12.69
Overdrafts	10.43	9.84	10.21	9.59	9.83	10.23	11.07	10.78	10.68	11.28	10.77
Weighted average rate	10.46	10.39	10.02	9.49	10.08	10.31	10.63	11.21	11.01	11.20	10.88
Other rates											
Prime rate*	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Avg. Treasury bill	1.61	1.78	2.51	2.47	2.70	2.81	2.87	2.89	2.89	2.88	2.89
Avg. Treasury bill re-discount rate	2.14	2.26	3.14	3.11	3.20	3.32	3.36	3.39	3.39	3.38	3.39
Bank rate (discount rate)*	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00

Source: Central Bank of The Bahamas

*Reflects end of period rates.

TABLE 9
SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS

Period	(%)										
	2019	2020	2021	2021			2022				2023
				Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
Loan Portfolio											
Current Loans (as a % of total private sector loans)	87.9	86.2	85.8	85.9	86.0	85.8	86.4	87.3	88.2	88.6	89.1
Arrears (% by loan type)											
Consumer	3.5	4.1	5.0	4.5	4.5	5.0	4.5	4.0	3.4	3.2	3.1
Mortgage	7.5	8.7	7.9	8.1	8.3	7.9	7.7	7.4	7.3	7.1	6.8
Commercial	1.1	1.0	1.3	1.5	1.2	1.3	1.4	1.3	1.1	1.1	1.0
Total Arrears	<u>12.1</u>	<u>13.8</u>	<u>14.2</u>	<u>14.1</u>	<u>14.0</u>	<u>14.2</u>	<u>13.6</u>	<u>12.7</u>	<u>11.8</u>	<u>11.4</u>	<u>10.9</u>
Total B\$ Loan Portfolio	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Loan Portfolio											
Current Loans (as a % of total private sector loans)	87.9	86.2	85.8	85.9	86.0	85.8	86.4	87.3	88.2	88.6	89.1
Arrears (% by days outstanding)											
30 - 60 days	2.6	2.9	2.7	2.8	2.9	2.7	2.8	2.4	2.4	2.2	2.2
61 - 90 days	1.5	2.4	1.9	1.8	2.0	1.9	1.5	1.4	1.3	1.4	1.3
90 - 179 days	1.1	1.9	2.8	2.3	2.0	2.8	1.9	1.8	1.2	1.1	0.8
over 180 days	6.9	6.6	6.8	7.2	7.1	6.8	7.4	7.2	6.9	6.7	6.6
Total Arrears	<u>12.1</u>	<u>13.8</u>	<u>14.2</u>	<u>14.1</u>	<u>14.0</u>	<u>14.2</u>	<u>13.6</u>	<u>12.8</u>	<u>11.8</u>	<u>11.4</u>	<u>10.9</u>
Total B\$ Loan Portfolio	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Non Accrual Loans (% by loan type)											
Consumer	25.5	30.7	38.7	33.5	32.7	38.7	36.1	33.8	30.4	27.3	28.1
Mortgage	63.5	60.7	52.1	57.0	58.0	52.1	54.6	54.7	58.6	61.7	61.2
Other Private	11.0	8.6	9.2	9.5	9.3	9.2	9.3	11.6	11.0	11.0	10.7
Total Non Accrual Loans	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Provisions to Loan Portfolio											
Consumer	7.0	10.5	10.7	11.7	11.9	10.7	9.8	9.3	8.2	7.9	6.8
Mortgage	8.1	10.0	9.2	9.8	9.8	9.2	9.2	9.0	8.5	7.9	8.0
Other Private	7.1	10.5	6.8	9.9	7.3	6.8	7.2	6.1	6.0	3.8	3.7
Total Provisions to Total Private Sector Loans	7.5	10.3	9.4	10.6	10.2	9.4	9.1	8.6	8.0	7.2	6.8
Total Provisions to Non-performing Loans	93.8	121.2	97.1	112.0	111.7	97.1	97.9	95.6	98.4	93.2	91.3
Total Non-performing Loans to Total Private Sector Loans	8.0	8.5	9.6	9.5	9.1	9.6	9.3	9.0	8.1	7.7	7.5

Source: Central Bank of The Bahamas

Figures may not sum to total due to rounding.

TABLE 10
SUMMARY OF BANK LIQUIDITY

(B\$ Millions)

Period	2018	2019	2020	2021		2022				2023
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
I. Statutory Reserves										
Required reserves	331.1	349.6	371.3	377.1	372.8	378.2	403.1	405.9	411.8	403.1
Average Till Cash	124.9	129.8	146.4	132.3	149.5	132.3	138.5	139.9	160.5	128.3
Average balance with central bank	808.6	1,181.3	1,579.0	1,761.9	1,683.1	1,898.8	2,304.1	2,463.1	2,179.8	2,200.6
Free cash reserves (period ended)	602.5	961.5	1,354.2	1,517.1	1,387.9	1,652.8	2,039.5	2,197.0	1,928.4	1,925.7
II. Liquid Assets (period)										
A. Minimum Required Liquid Assets	1,115.6	1,247.1	1,301.1	1,352.8	1,344.3	1,396.2	1,452.9	1,461.4	1,458.3	1,466.3
B. Net Eligible Liquid Assets	2,649.0	3,214.5	3,531.6	3,761.0	3,722.9	4,103.4	4,365.4	4,383.1	4,244.3	4,264.4
i) Balance with Central Bank	792.6	1,243.8	1,572.1	1,707.5	1,644.1	2,014.6	2,368.6	2,437.1	2,085.5	2,165.3
ii) Notes and Coins	149.8	152.0	173.8	138.3	171.4	138.7	137.2	134.5	178.3	121.7
iii) Treasury Bills	669.8	771.9	830.2	965.2	939.8	956.8	755.2	752.9	849.1	843.5
iv) Government registered stocks	990.9	985.4	907.5	910.0	926.5	935.7	1,063.0	1,021.2	1,091.4	1,098.6
v) Specified assets	48.4	49.7	49.6	40.5	40.5	40.5	40.5	40.4	40.3	39.2
vi) Net Inter-bank dem/call deposits	(2.5)	11.7	(1.5)	(0.4)	0.8	17.1	0.9	(3.1)	(0.3)	(3.9)
vii) Less: borrowings from central bank	-	-	-	-	-	-	-	-	-	-
C. Surplus/(Deficit)	1,533.4	1,967.5	2,230.5	2,408.3	2,378.6	2,707.3	2,912.5	2,921.6	2,786.0	2,798.1

Source: Central Bank of The Bahamas

Figures may not sum to total due to rounding.

TABLE 11
GOVERNMENT OPERATIONS AND FINANCING

(B\$ Millions)

Period	2019/20p	2020/21p	2021/22p	Budget		2021/22p			2022/23p		
				2021/22	2022/23	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III
Total Revenue & Grants	2,094.8	1,908.4	2,605.7	2,246.5	2,804.3	537.3	711.7	760.3	654.7	603.6	854.2
Current expenditure	2,533.3	2,872.5	3,043.6	2,825.9	2,997.2	642.9	710.2	1,022.1	621.3	797.0	716.5
Capital expenditure	387.2	371.1	283.8	372.4	371.1	39.4	56.4	123.7	55.3	62.5	76.1
Overall balance	(825.7)	(1,335.2)	(721.7)	(951.9)	(564.0)	(144.9)	(54.9)	(385.5)	(21.9)	(255.9)	61.7
FINANCING (I+II-III+IV+V)	825.7	1,335.2	721.7	951.9	564.0	144.9	54.9	385.5	21.9	255.9	(61.7)
I. Foreign currency borrowing (+)	445.7	1,972.3	1,020.7	80.2	124.8	0.03	606.7	390.3	47.7	257.8	117.1
External	395.7	1,841.9	953.9	80.2	124.8	0.03	539.8	390.3	47.7	25.5	117.1
Domestic	50.0	130.4	66.8	-	-	-	66.8	-	-	232.3	-
II. Bahamian dollar borrowing (+)	1,101.1	1,103.5	2,016.2	1,771.3	1,840.7	600.8	415.2	526.5	353.8	762.8	611.3
i) Treasury bills	233.6	49.1	308.8	-	-	7.8	0.6	35.5	30.6	41.5	32.4
ii) Long-term securities	562.6	559.5	712.4	-	-	228.0	149.6	286.0	118.2	344.2	128.8
iii) Loans and Advances	305.0	494.9	995.0	-	-	365.0	265.0	205.0	205.0	377.0	450.0
III. Debt repayment(-)	879.0	1,357.8	2,145.0	899.7	1,276.7	368.1	805.7	628.4	387.8	798.1	673.7
Domestic	835.1	956.8	1,854.4	767.1	790.7	361.8	656.0	530.3	348.2	603.8	548.8
Bahamian dollars	835.1	956.8	1,715.6	762.9	782.4	357.6	525.6	526.1	344.7	596.1	545.3
Foreign currency	-	-	138.8	4.2	8.3	4.2	130.4	4.2	3.5	7.7	3.5
External	43.9	401.0	290.7	132.6	486.0	6.3	149.7	98.1	39.6	194.3	124.9
IV. Net acquisition financial assets (-)	(71.8)	(31.7)	(66.3)	(59.8)	(46.5)	(13.3)	(13.3)	(26.4)	(10.0)	(10.0)	(10.0)
V. Cash balance change & other financing	229.7	(351.2)	(103.8)	59.8	(78.3)	(74.5)	(148.0)	123.5	18.2	43.4	(106.3)

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

**TABLE 12
NATIONAL DEBT**

Period	(B\$ '000s)									
	2020	2021	2022	2021		2022				2023
				QTR III.	QTR IV.	QTR I.	QTR II.	QTR III.	QTR IV.	QTR I.
TOTAL EXTERNAL DEBT	4,031,360	4,344,312	4,843,469	4,352,433	4,344,312	4,732,828	4,997,059	4,975,350	4,843,469	4,846,426
By Instrument										
Government Securities	2,475,000	2,475,000	2,860,000	2,475,000	2,475,000	2,475,000	2,860,000	2,860,000	2,860,000	2,860,000
Loans	1,556,360	1,869,312	1,983,469	1,877,433	1,869,312	2,257,828	2,137,059	2,115,350	1,983,469	1,986,426
By Holder										
Commercial Banks	-	-	-	-	-	-	-	-	-	-
Offshore Financial Institutions	-	-	-	-	-	-	-	-	-	-
Multilateral Institutions	853,864	1,121,304	1,124,313	1,129,279	1,121,304	1,115,982	1,104,616	1,096,264	1,124,313	1,133,607
Bilateral Institutions	70,875	66,099	54,742	65,189	66,099	62,916	59,541	53,085	54,742	51,850
Private Capital Markets	2,475,000	2,475,000	2,860,000	2,475,000	2,475,000	2,475,000	2,860,000	2,860,000	2,860,000	2,860,000
Other Financial Institutions	631,621	681,909	804,414	682,965	681,909	1,078,930	972,902	966,001	804,414	800,969
TOTAL INTERNAL DEBT	5,386,573	5,973,545	6,192,962	5,734,519	5,973,545	5,799,571	5,795,748	5,801,346	6,192,962	6,257,898
By Instrument										
Foreign Currency	180,440	176,273	329,934	180,440	176,273	112,648	108,482	104,961	329,934	328,928
Government Securities	-	-	-	-	-	-	-	-	-	-
Loans	180,440	176,273	329,934	180,440	176,273	112,648	108,482	104,961	329,934	328,928
Bahamian Dollars	5,206,133	5,797,272	5,863,028	5,554,079	5,797,272	5,686,923	5,687,266	5,696,385	5,863,028	5,928,970
Advances	4,900	265,000	335,000	160,000	265,000	205,000	205,000	205,000	335,000	332,500
Treasury Bills	922,417	1,122,465	1,005,965	1,124,028	1,122,465	1,086,405	933,864	964,447	1,005,965	996,542
Government Securities	3,808,200	3,924,682	4,169,631	3,852,818	3,924,682	3,939,588	4,124,588	4,137,325	4,169,631	4,198,567
Loans	470,616	485,125	352,432	417,233	485,125	455,930	423,814	389,613	352,432	401,361
By Holder										
Foreign Currency	180,440	176,273	329,934	180,440	176,273	112,648	108,482	104,961	329,934	328,928
Commercial Banks	180,440	176,273	97,273	180,440	176,273	112,648	108,482	104,961	97,273	93,752
Other Local Financial Institutions	-	-	-	-	-	-	-	-	-	-
Central Bank	-	-	232,661	-	-	-	-	-	232,661	235,176
Bahamian Dollars	5,206,133	5,797,272	5,863,028	5,554,079	5,797,272	5,686,923	5,687,266	5,696,385	5,863,028	5,928,970
Central Bank	253,375	617,057	646,161	422,625	617,057	529,683	508,758	502,914	646,161	635,160
Commercial Banks	2,174,010	2,336,603	2,283,278	2,272,483	2,336,603	2,332,523	2,225,448	2,150,373	2,283,278	2,332,752
Other Local Financial Institutions	34,723	1,085	-	1,085	1,085	1,085	-	-	-	-
Public Corporations	576,975	518,866	507,942	578,623	518,866	521,664	593,881	588,888	507,942	513,603
Other	2,167,050	2,323,661	2,425,647	2,279,263	2,323,661	2,301,968	2,359,179	2,454,210	2,425,647	2,447,455
TOTAL FOREIGN CURRENCY DEBT	4,211,800	4,520,585	5,173,403	4,532,873	4,520,585	4,845,476	5,105,541	5,080,311	5,173,403	5,175,354
TOTAL DIRECT CHARGE	9,417,933	10,317,857	11,036,431	10,086,952	10,317,857	10,532,399	10,792,807	10,776,696	11,036,431	11,104,324
TOTAL CONTINGENT LIABILITIES	439,980	399,116	390,203	401,287	399,116	397,384	394,862	392,005	390,203	390,618
TOTAL NATIONAL DEBT	9,857,913	10,716,973	11,426,634	10,488,239	10,716,973	10,929,783	11,187,669	11,168,701	11,426,634	11,494,942

Source: Treasury Accounts & Treasury Statistical Summary Printouts

Public Corporation Reports

Creditor Statements, Central Bank of The Bahamas

TABLE 13
PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS

(B\$ '000s)

Period	2020*	2021	2022	2021		2022				2023
				QTR III.	QTR IV.	QTR I.**	QTR II.	QTR III.	QTR IV.	QTR I.
Outstanding Debt at Beginning of Period	3,475,997	4,784,042	5,032,833	5,090,681	5,053,157	5,032,833	5,351,089	5,602,735	5,569,712	5,652,483
Government	2,617,662	4,211,800	4,520,585	4,548,687	4,532,873	4,520,585	4,845,476	5,105,541	5,080,310	5,173,402
Public Corporations	858,335	572,242	512,248	541,994	520,284	512,248	505,613	497,194	489,402	479,081
Plus: New Drawings	1,946,664	409,730	1,306,322	24,553	940	607,588	391,267	48,684	258,783	117,116
Government	1,944,995	406,201	1,302,519	23,663	33	606,663	390,325	47,725	257,806	117,116
Public corporations	1,669	3,529	3,803	890	907	925	942	959	977	-
Less: Amortization	666,537	154,364	664,487	59,148	19,420	287,705	111,631	51,832	213,319	137,944
Government	378,775	90,841	627,516	36,548	10,477	280,145	102,270	43,080	202,021	128,442
Public corporations	287,762	63,523	36,971	22,600	8,943	7,560	9,361	8,752	11,298	9,502
Other Changes in Debt Stock	27,918	(6,575)	(22,186)	(2,929)	(1,844)	(1,627)	(27,989)	(29,877)	37,307	13,278
Government	27,918	(6,575)	(22,186)	(2,929)	(1,844)	(1,627)	(27,989)	(29,877)	37,307	13,278
Public corporations	-	-	-	-	-	-	-	-	-	-
Outstanding Debt at End of Period	4,784,042	5,032,833	5,652,482	5,053,157	5,032,833	5,351,089	5,602,736	5,569,710	5,652,483	5,644,933
Government	4,211,800	4,520,585	5,173,402	4,532,873	4,520,585	4,845,476	5,105,542	5,080,309	5,173,402	5,175,354
Public corporations	572,242	512,248	479,080	520,284	512,248	505,613	497,194	489,401	479,081	469,579
Interest Charges	202,024	271,496	374,941	32,926	103,651	33,955	168,847	45,045	127,094	119,692
Government	157,895	237,267	341,180	24,692	95,058	26,177	160,270	36,713	118,020	111,189
Public corporations	44,129	34,229	33,761	8,234	8,593	7,778	8,577	8,332	9,074	8,503
Debt Service	868,561	425,860	1,039,428	92,074	123,071	321,660	280,478	96,877	340,413	257,636
Government	536,670	328,108	968,696	61,240	105,535	306,322	262,540	79,793	320,041	239,631
Public corporations	331,891	97,752	70,732	30,834	17,536	15,338	17,938	17,084	20,372	18,005
Debt Service ratio	22.2	12.8	21.9	9.4	13.7	14.4	20.8	8.1	29.6	18.3
Government debt Service/ Government revenue (%)	17.3	13.9	35.5	10.3	19.6	18.9	34.5	12.2	53.0	28.1
MEMORANDUM										
Holder distribution (B\$ Mil):										
Commercial Banks	308.8	279.1	188.5	285.4	279.1	213.4	207.1	200.2	188.5	180.9
The Central Bank	-	-	232.7	-	-	-	-	-	232.7	235.2
Multilateral Institutions	921.2	1,184.1	1,182.5	1,194.1	1,184.1	1,178.5	1,165.1	1,156.5	1,182.5	1,191.5
Bilateral Institutions	70.9	66.1	54.7	65.2	66.1	62.9	59.5	53.1	54.7	51.9
Other	1,008.1	1,028.6	1,134.1	1,033.5	1,028.6	1,421.3	1,311.1	1,299.9	1,134.1	1,125.5
Private Capital Markets	2,475.0	2,475.0	2,860.0	2,475.0	2,475.0	2,475.0	2,860.0	2,860.0	2,860.0	2,860.0

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

*The Debt Service and Government Debt Service/Revenue Ratios for 2020 are presented net of a of \$248.0 million refinancing in Government's external debt & a \$246.0 million transfer of public corporations' debt to Government.

**Debt servicing during the 1st quarter of 2022 includes the refinancing of \$171.8 million in Government's foreign currency debt (\$171.8M of a \$246.0M facility refinanced). The Debt Service and

TABLE 14
BALANCE OF PAYMENTS SUMMARY*

(B\$ Millions)

Period	2020	2021	2022	2021				2022				2023
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
A. Current Account Balance (I+II+III+IV)	(2,284.5)	(2,434.0)	(1,760.1)	(614.4)	(584.3)	(445.0)	(790.3)	(340.7)	(363.6)	(304.7)	(751.1)	(226.6)
I. Goods (Net)	(1,592.6)	(2,625.6)	(2,916.5)	(554.9)	(706.0)	(694.4)	(670.3)	(678.1)	(705.5)	(683.1)	(849.7)	(827.5)
Exports	431.4	638.6	837.7	114.7	147.1	165.0	211.8	171.6	246.6	229.4	190.2	167.4
Imports	2,024.0	3,264.2	3,754.2	669.6	853.1	859.4	882.1	849.7	952.1	912.5	1039.9	994.9
II. Services (Net)	(129.8)	1,008.3	1,946.6	82.1	373.8	345.7	206.8	451.3	664.5	421.2	409.6	776.6
Transportation	(172.4)	(275.9)	(309.5)	(53.9)	(74.6)	(63.4)	(84.1)	(76.9)	(59.4)	(83.2)	(90.0)	(124.8)
Travel	857.0	2,173.1	3,330.6	284.8	676.3	662.5	549.5	740.9	951.1	821.6	816.8	1,100.9
Construction	(59.0)	(103.5)	(116.8)	(22.5)	(26.9)	(21.9)	(32.1)	(25.6)	(26.9)	(32.2)	(32.1)	(20.6)
Insurance services	(153.5)	(276.5)	(269.0)	(44.6)	(71.1)	(76.7)	(84.2)	(56.3)	(59.7)	(78.7)	(74.3)	(47.9)
Charges for the use of intellectual property n.i.e.	(6.4)	(7.5)	(14.8)	(1.4)	(2.2)	(1.6)	(2.3)	(1.7)	(9.3)	(2.0)	(1.8)	(2.8)
Telecommunications, computer, and information services	(50.8)	(52.0)	(54.0)	(8.3)	(14.6)	(18.5)	(10.5)	(11.1)	(13.2)	(15.7)	(14.0)	(14.7)
Other business services	(361.7)	(372.8)	(425.2)	(62.7)	(85.6)	(108.1)	(116.3)	(77.9)	(80.8)	(155.9)	(110.6)	(88.4)
Government goods and services n.i.e.	(182.9)	(76.7)	(194.7)	(9.3)	(27.4)	(26.6)	(13.3)	(40.1)	(37.4)	(32.8)	(84.4)	(25.1)
III. Primary Income (Net)	(439.5)	(734.2)	(858.0)	(109.1)	(237.2)	(81.4)	(306.6)	(121.1)	(348.7)	(80.8)	(307.4)	(200.0)
Compensation of employees	(95.8)	(91.5)	(86.0)	(15.8)	(24.7)	(27.1)	(24.0)	(19.2)	(21.2)	(22.8)	(22.8)	(25.7)
Investment income	(343.7)	(642.7)	(772.0)	(93.2)	(212.5)	(54.3)	(282.6)	(101.9)	(327.5)	(58.0)	(284.6)	(174.3)
IV. Secondary Income (Net)	(122.6)	(82.4)	67.8	(32.5)	(14.8)	(14.9)	(20.2)	7.2	26.2	38.0	(3.5)	24.3
General government	46.4	31.5	132.7	0.4	8.1	9.7	13.2	22.9	35.0	37.6	37.3	54.1
Financial corporations, nonfinancial corporations, <i>of which: Workers remittances</i>	(88.8)	(101.6)	(72.6)	(20.4)	(23.1)	(25.8)	(32.3)	(19.9)	(18.4)	(15.0)	(19.3)	(26.4)
Other current transfers	(80.1)	(12.3)	7.7	(12.6)	0.1	1.2	(1.1)	4.2	9.6	15.5	(21.6)	(3.3)
B. Capital Account	650.0	53.9	0.0	53.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital transfers	650.0	53.9	0.0	53.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C. Financial Account (excluding Reserve Assets)	(2,316.3)	(1,493.8)	(1,300.3)	(306.0)	(535.3)	(466.3)	(186.2)	(563.2)	(543.1)	(257.0)	63.0	(311.7)
Direct Investment	(374.8)	(298.4)	(316.4)	(129.5)	(116.3)	9.9	(62.6)	(65.0)	(96.3)	72.2	(227.3)	(15.6)
Portfolio Investment	(656.8)	447.1	(99.8)	671.1	(292.8)	36.1	32.7	70.6	(323.9)	(35.5)	188.9	(169.9)
Other Investments	(1,284.8)	(1,642.5)	(884.1)	(847.6)	(126.3)	(512.3)	(156.3)	(568.8)	(122.8)	(293.8)	101.4	(126.2)
Currency and deposits	(475.2)	(624.0)	(588.0)	(781.0)	370.7	(293.1)	79.4	(106.9)	(259.5)	(212.0)	(9.6)	(102.4)
Loans	(742.4)	(762.8)	(264.7)	(109.1)	(418.0)	1.9	(237.6)	(357.2)	27.1	(90.0)	155.4	(60.0)
Other accounts receivable/payable and trade credit adva	(60.1)	(16.2)	(50.0)	39.7	(77.8)	22.9	(0.9)	(99.5)	82.8	(6.1)	(27.2)	38.6
Special drawing rights allocation	(7.1)	(239.6)	18.7	2.9	-1.15	(244.1)	2.8	(5.3)	26.76	14.3	(17.1)	(2.4)
D. Net Acquisition of Reserve Assets	624.1	50.6	178.3	(131.4)	325.4	133.8	(277.1)	568.6	233.9	(36.8)	(587.4)	56.4
Special drawing rights	22.1	239.6	(251.5)	(2.9)	2.2	243.1	(2.8)	5.3	(26.8)	(13.4)	(216.6)	(0.6)
Reserve position in the IMF	1.1	(0.8)	(1.3)	(0.4)	0.2	(0.3)	(0.2)	0.3	(0.9)	0.9	(1.7)	0.3
Other reserve assets	600.9	(188.3)	431.1	(128.1)	323.0	(108.9)	(274.2)	563.0	261.6	(24.4)	(369.1)	56.7
E. Net Errors & Omissions	(57.8)	936.8	638.0	123.0	374.3	112.5	327.0	346.2	54.5	10.8	226.6	(28.7)

Note: Effective March 31, 2021, data is published according to the Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6).

Source: Central Bank of The Bahamas

* Figures may not sum to total due to rounding

**TABLE 15
EXTERNAL TRADE**

(B\$ '000s)

Period	2020	2021	2022	2021			2022			
				Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
I. OIL TRADE										
i) Exports	96,324	184,570	161,074	48,558	53,457	33,877	43,435	35,147	37,452	45,040
ii) Imports	386,714	657,788	604,440	152,018	186,106	200,022	136,685	111,023	166,921	189,811
II. OTHER MERCHANDISE										
Domestic Exports										
Crawfish	16,830	91,056	79,169	9,813	16,235	48,732	26,993	14,166	10,529	27,481
Fish Conch & other Crustacea	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other cordials & Similar Materials/Sponge	3	1,408	187	406	332	384	n.a.	n.a.	74	113
Fruits & Veggies.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Aragonite	2,986	2,188	2,711	560	425	511	665	616	615	815
Other Natural Sands	357	221	197	113	12	35	51	48	56	42
Rum/Beverages/Spirits & Vinegar	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crude Salt	7,758	6,921	11,583	1,726	1,061	2,139	3,603	835	2,506	4,639
Polystrene Products	54,956	56,419	27,548	20,029	16,099	4,634	n.a.	5,929	17,301	4,318
Other	33,922	110,964	58,213	28,252	56,920	22,177	16,489	10,091	12,847	18,786
i) Total Domestic Exports	116,812	269,177	179,609	60,899	91,084	78,612	47,802	31,685	43,929	56,193
ii) Re-Exports	121,373	89,676	268,960	9,240	10,369	58,531	39,017	85,971	90,005	53,967
iii) Total Exports (i+ii)	238,185	358,853	448,569	70,139	101,453	137,143	86,819	117,656	133,934	110,160
iv) Imports	1,818,573	2,824,819	3,153,455	751,567	768,611	724,876	702,103	698,741	868,775	883,837
v) Retained Imports (iv-ii)	1,697,200	2,735,143	2,884,495	742,327	758,242	666,345	663,086	612,770	778,770	829,870
vi) Trade Balance (i-v)	(1,580,388)	(2,465,966)	(2,704,886)	(681,428)	(667,158)	(587,733)	(615,284)	(581,085)	(734,841)	(773,677)

Source: Bahamas National Statistical Institute Quarterly Statistical Summaries

Figures may not sum due to rounding.

**TABLE 16
SELECTED TOURISM STATISTICS**

Period	2020	2021	2022	2021			2022				2023
				Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
Visitor Arrivals	1,794,522	2,100,618	7,000,706	297,759	532,206	1,154,759	1,360,108	1,662,722	1,770,621	2,207,255	2,615,057
Air	418,329	886,629	1,470,244	254,662	263,462	265,623	329,671	421,674	351,115	367,784	466,706
Sea	1,376,193	1,213,989	5,530,462	43,097	268,744	889,136	1,030,437	1,241,048	1,419,506	1,839,471	2,148,351
Visitor Type											
Stopover	440,623	892,442	1,429,458	272,688	279,295	234,217	309,364	416,684	358,453	344,957	472,722
Cruise	1,327,142	1,115,181	5,390,016	5,899	239,779	869,458	1,003,441	1,195,955	1,375,106	1,815,514	2,115,700
Day/Transit	13,259	16,719	84,476	4,859	3,785	4,849	47,303	13,468	13,538	10,167	30,066
Tourist Expenditure(B\$ 000's)	967,400	2,321,707	n.a.	706,644	704,769	597,122	n.a.	n.a.	n.a.	n.a.	n.a.
Stopover	888,289	2,266,919	n.a.	706,027	688,708	559,208	n.a.	n.a.	n.a.	n.a.	n.a.
Cruise	78,263	53,784	n.a.	325	15,835	37,623	n.a.	n.a.	n.a.	n.a.	n.a.
Day	807	1,003	n.a.	292	227	291	n.a.	n.a.	n.a.	n.a.	n.a.
Average Hotel Occupancy Rates (%)											
New Providence	25.7	40.7	65.3	41.9	51.3	51.8	57.5	74.6	65.2	64.0	n.a.
Grand Bahama	22.2	22.8	n.a.	24.5	25.3	24.4	n.a.	n.a.	n.a.	n.a.	n.a.
Other Family Islands	19.8	34.7	n.a.	44.0	37.7	35.6	n.a.	n.a.	n.a.	n.a.	n.a.
Average Nightly Room Rates (\$)											
New Providence	347.97	338.72	377.87	336.17	258.53	339.50	413.79	383.68	327.74	386.26	n.a.
Grand Bahama	94.09	73.05	n.a.	89	56	55	n.a.	n.a.	n.a.	n.a.	n.a.
Other Family Islands	405.38	307.80	n.a.	337	223	266	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Ministry of Tourism, Investments & Aviation and The Bahamas Hotel & Tourism Industry

All data is subject to revisions.

GROSS ECONOMIC CONTRIBUTION OF THE FINANCIAL SECTOR IN THE BAHAMAS (2022)

INTRODUCTION

The financial services sector is estimated as the second largest contributor to the economy, constituting approximately 10%-15% of the country's Gross Domestic Product (GDP). The industry employs a significant number of highly skilled workers and has a direct impact on domestic employment and expenditure, while also indirectly affecting other substantial sectors inclusive of the construction, real estate and wholesale & retail trade industries. In terms of the product offerings, the domestic sector is more retail and labour intensive, while the international sector's product targets higher net worth clients and focuses on more specialized, higher priced labour.

The 2022 survey of The Bahamas' financial services sector showed that the sector continued to be impacted by global economic developments, which resulted in a contraction and consolidation of international banking balance sheet activity. Further, as the international sector continued to adjust, presence in the jurisdictions reduced by way of mergers and acquisitions, or assets transfers to other local supervised entities or affiliated entities. Meanwhile, as recovery from the COVID-19 pandemic became more entrenched, the domestic financial services space exhibited further strengthening of balance sheet quality and profitability.

During 2022, the estimated balance sheet size of financial sector operations reduced by an estimated \$11.2 billion (7.5%) to \$138.6 billion, as the decline in international banks' assets outpaced the decrease in domestic banks balance sheet. Trust companies fiduciary assets also contracted by approximately \$26.4 billion (17.2%) to an estimated \$127.4 billion, while assets under management also trend downwards within the securities industry. Credit unions provided expanded contributions, exhibited by gains in balance sheet assets, while onshore insurance operations revealed a similar uptick in balance sheet assets.

In the review year, supervisory bodies and policy makers remained focused on implementing policies to strengthen and uphold the Bahamian jurisdiction's international standing in countering money laundering related financial crimes. In addition, efforts also gained more traction around the implementation of international risk-based supervisory standards for financial institutions, and the development of crisis management frameworks for Bahamian banks and credit unions. Further to its supervisory engagement, the Central Bank also deployed new monitoring tools to analyse SWIFT wire transfers, to develop new insights on the characteristics of cross-border payments between The Bahamas and the rest of the world.

GOVERNMENT REVENUES

An analysis of the financial sector's performance indicated that total taxes and fees collected by the Government decreased by 11.9% to \$165.6 million in 2022. Contributing to this outturn, transactional taxes on domestic intermediation activities declined by 12.3% to \$97.2 million, owing primarily to a \$25.5 million (31.1%) reduction in levies on non-mortgage related banking transactions. Providing some offset, taxes on mortgages surged to \$11.1 million from \$2.2 million in the previous year. In addition, insurance premium taxes increased by 12.2% to \$29.5 million. Further, license and registration fees fell by 11.4% to \$68.4 million¹, on account of a 4.6% falloff in collections from international business companies. In contrast, receivables

¹ These exclude amounts collected directly by the Securities Commission for 2022, although included in the total for 2021.

from banks and trust companies (80.6% of the total) rose by 4.3% to \$55.1 million. Similarly, returns from insurance companies, brokers and agents moved higher by 30.7% to \$0.4 million.

THE BANKING SECTOR

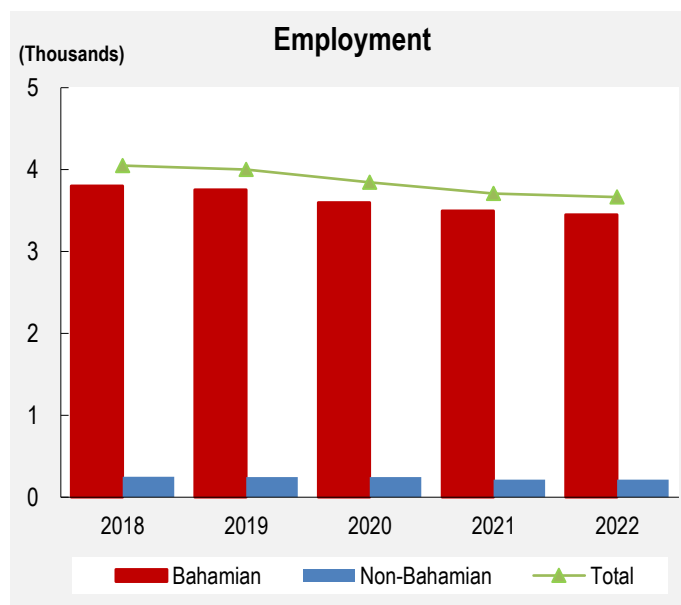
The banking sector remained the dominant component in the financial landscape, in terms of employment and balance sheet size, supported by the sustained strengthening in the domestic economy. The domestic side operated in an environment of elevated levels of liquidity, owing to subdued private credit flows and banks’ conservative lending stance. However, credit quality indicators improved for these supervised financial institutions (SFIs), undergirded by the sustained recovery in the domestic economy and ongoing loan write-offs.

The total number banks and trust companies licensed in The Bahamas reduced by 12 to 202 in 2022, following a decrease of 3 in 2021. Public banks & trust companies declined by 5 to 75, while restricted, non-active & nominees declined by 7 to 127. Public institutions, providing an arrangement of domestic and international services, included 45 Bahamian incorporated entities and 10 euro-currency branches of foreign banks operating inside The Bahamas. Further, there were 20 authorized dealers & agents, which were comprised of 10 authorised agents (resident trust companies) and 10 authorised dealers (commercial banks)—inclusive of 7 clearing banks.

In 2022, total domestic assets within the banking sector rose by 3.3% to \$11.4 billion, exceeding the 1.1% uptick in the previous year and the average annual growth of 1.9% over the past five years, corresponding to an expansion in banks’ surplus liquid balances with the Central Bank. In contrast, total assets of the international banking sector reduced by 8.5% to \$118.0 billion. While this was a moderation from the 15.8% falloff in the preceding year, it was accelerated from the average annual reduction of 6.8% over the last five years.

EMPLOYMENT

The survey showed that during 2022, banks and trust companies total employment fell by 45 (1.2%) to approximately 3,664 persons, a moderation from the 3.5% decline in 2021. A breakdown by nationality revealed that the number of Bahamian employees decreased by 46 (1.3%) to 3,449, contrasting non-Bahamian positions which edged up by 1 (0.5%) to 215. As a consequence, the ratio of Bahamians in the banking sector eased by 1 basis point to 94.1% at end-December, vis-à-vis the same period in 2021. Disaggregated by assigned functions, the majority of Bahamians were engaged in the local banking sector (62.0%), followed by offshore banking (15.5%), trust administration (10.3%) and other wealth management related activities (6.3%).



EXPENDITURES

During 2022, total expenditure in the banking sector rose by \$6.6 million (0.9%) to \$778.0 million, a switch from the 1.1% decrease in the prior year; and trailing the average annual spending gains of 2.1% over the last five years. Underlying this development, total operational costs grew by \$12.8 million (1.7%) to \$769.1 million, a turnaround from a 0.8% falloff in 2021. In terms of components, non-staff administrative costs, the largest single expense, expanded by \$13.6 million (3.8%) to \$370.0 million, a reversal from the 2.1% decrease a year earlier. Likewise, Government fees increased by \$8.5 million (10.0%) to \$93.2 million, exceeding the 8.6% growth in the preceding year, on account of a rise in license costs and other Government fees. Similarly, spending on staff training moved higher by \$0.5 million (51.6%) to \$1.6 million, vis-à-vis a 12.1% reduction last year. Offsetting, salaries contracted by \$9.9 million (3.1%) to \$304.2 million, following a 1.7% decline in the previous year, largely reflecting a 3.8% decrease in base salaries, which overshadowed the 0.5% uptick in bonuses.

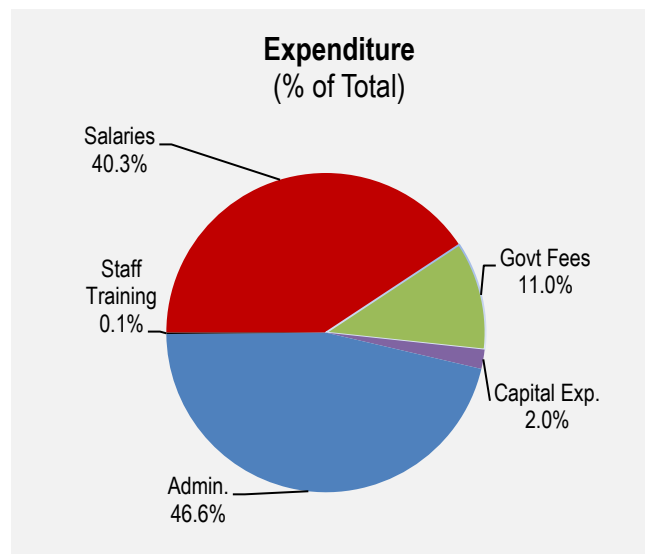
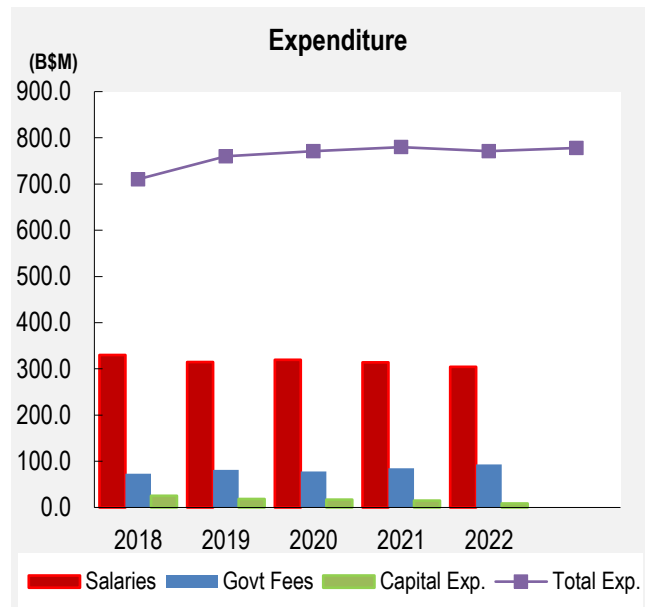
Banks and trust companies' capital expenditure—reflecting outlays for renovations, construction and other fixed assets—reduced by \$6.2 million (40.9%) to \$8.9 million, extending the 11.6% falloff in 2021.

DOMESTIC VERSUS INTERNATIONAL BANKING

A disaggregated analysis of domestic and international banking operations highlights the more retail oriented nature of the domestic banks, relative to the specialized focus of international banks in wealth management activities.

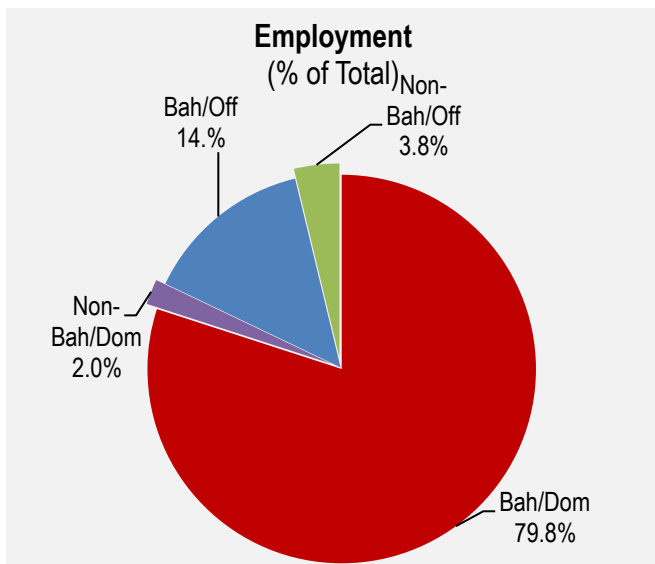
During the year, total employment in the domestic banking sector fell by 26 (0.9%) to 3,008, lower than the 2.9% decline in 2021, but outpaced the average yearly decrease of 0.8% over the past five years. Similarly, total international sector employees reduced by 19 (2.8%) to 656, tapering from both the 6.1% falloff in the prior year, and the average yearly of 9.3% over the previous five years.

In terms of the nationality mix of staffing for the domestic sector, the total number of Bahamians employees decreased by 30 (1.0%) to 2,931, following the 2.9% decline in the previous year. In contrast, the number of total non-Bahamian employees rose by 4 (5.5%), after remaining unchanged a year earlier. Given these developments, the ratio of Bahamian to non-Bahamian workers narrowed to 38:1 from 41:1 a year earlier.



Within the international sector, total Bahamian staff reduced by 16 (3.0%) to 518, extending the 2.6% loss a year earlier. Likewise, the non-Bahamian component fell by 3 (2.1%) to 138, but moderated from the 17.5% reduction in the preceding year. Consequently, the ratio of Bahamian to non-Bahamian employees held steady at 4:1.

With regard to compensation, movements in average base salaries were consistent across the banking sectors. Specifically, the average salary for the domestic banks reduced by \$1,751 (2.9%) to \$58,976 per annum. Similarly, average compensation in the international sector decreased by \$1,521 (1.3%) to \$118,608 per annum.



Expenditure growth in the domestic banking sector persisted, contrasting with the retrenchment in the international sector. In the domestic banking sector, aggregate expenditure grew by 3.5% to \$563.8 million in 2022, after stabilizing at \$545.0 million in 2021, but trailed the average annual gain of 4.1% between 2017 and 2021. Reflecting this outcome, total operational costs increased by 4.7% to \$557.3 million, outpacing the 0.5% gain of the preceding year. A review of operational costs revealed that this growth was mainly due to a rise in non-staff administrative costs of 7.9% to \$273.9 million, a switch from a 0.9% decrease in the previous year. Government fees also grew by 11.7% to \$85.1 million, exceeding the 9.3% increase in the prior year. Similarly, outlays for staff training expanded by 49.6% to \$1.3 million, a reversal from the 3.4% decrease last year. Conversely, salaries contracted by 2.3% to \$197.0 million, extending the 0.8% falloff a year earlier. Further, capital expenditure reduced by 47.0% to \$6.6 million, extending the 17.7% contraction in 2021.

In the international banking sector, total expenditure fell by 5.5% to \$214.1 million, exceeding both the 3.5% falloff in 2021 and the 2.0% annual average decline over the preceding five-year period. Operations outlays decreased by 5.4% to \$211.8 million, surpassing the 3.8% decline in the preceding year and the annual average of 2.0%. The outturn was largely attributed to a contraction in other administrative costs, by 6.3% to \$96.1 million, surpassing the 4.9% reduction a year earlier. In addition, the high valued salary component declined by 4.7% to \$107.2 million, exceeding the 3.2% falloff in the preceding year. Likewise, Government's fee payments reduced by 3.9% to \$8.2 million, vis-à-vis a 2.8% growth in the previous year. In a partial offset, spending on staff training expanded by 61.3% to \$0.3 million, a turnaround from a 38.0% retrenchment in the previous year. In addition, capital expenditure decreased by 12.7% to \$2.3 million, a reversal from a 36.3% expansion a year earlier.

OTHER FINANCIAL SECTOR ACTIVITIES

CREDIT UNIONS

Preliminary evidence revealed that the credit union sector maintained modest growth in economic value-added in 2022. However, with the exit of two micro firms, the number of regulated entities decreased to 8— inclusive of the Bahamas Co-operative League Limited. The sector's aggregate assets grew marginally by 1.9% to \$483.6 million in 2022, led by a 23.5% expansion in cash balances; a 12.0% rise in non-financial investments, mainly investment in property; and a 9.0% increase in fixed assets. Further, funding resources,

rose by 1.3% to \$414.4 million, and net loans to members by 2.2% to \$230.6 million, supported by higher mortgage flows. Liquid assets increased by 2.4% to \$201.8 million, from the previous year's 5.9% falloff and a reduction in financial investments, primarily Government registered stock.

Credit union's total expenditure—exclusive of intermediation costs—grew by 1.9% to \$27.8 million in 2022. Specifically, operational outlays advanced by 9.4% to \$19.6 million, as personal expenses, the dominant component—inclusive of base salaries and other staff expenses—increased by \$0.5 million (6.1%) to \$8.1 million, in line with the gain in employment by 3 to 192 in 2022. Similarly, general business spending, such as utility expenses and Government fees, advanced by \$0.3 million (8.8%) to \$3.5 million.

SECURITIES INDUSTRY

Although comprehensive data on expenditure and employment was not available, growth in the volume of supervised entities and vehicles revealed increased activity. Specifically, evidence from the Securities Commission of The Bahamas (SCB), indicated that the number of licensed investment fund administrators edged up by 1 to 46, while the number of licensed investment funds under administration grew by 5 to 682. However, total assets under management fell marginally by 0.6% to an approximated \$50.3 billion.

The SCB supervises the financial and corporate services providers (FCSPs), which are domestic professional firms that offer services to the financial sector. In 2022, the number of FCSPs decreased by 8 to 238, attributed to a falloff in demand for these services.

INSURANCE SECTOR

Activity within the local insurance sector remained relatively stable over the review year. Specifically, the latest data from the Insurance Commission of The Bahamas (ICB), showed that the number of licensed insurers, brokers and agents increased by 6 to 158 in 2022. Underlying this outturn, the number of domestic intermediaries and insurers moved higher by 6 to 128, while external insurers and intermediaries steadied at 30 in 2022. Further, total assets of domestic companies rose by 2.4% to \$2,191.7 million in 2022, as the asset base of the long-term insurance segment grew by 3.6% to \$1,586.0 million. Conversely, assets of the general insurers declined by 0.3% to \$605.7 million a year earlier.

In terms of employment, the number of persons employed in the industry steadied at 931 in 2022, with the approximated average annual salary close to \$40,000. Although a comprehensive estimate was not attained, indications are that total expenditures in the economy declined. In particular, outlays among domestic insurers stood at approximately \$116.1 million, of which 98.7% represented operating costs.

OTHER FINANCIAL SECTOR DEVELOPMENTS

During the year, financial sector initiatives remained focused on improving The Bahamas' supervisory regime, with sustained focus on strengthening and upholding international regulatory standards, jurisdictional cooperation and transparency, financial crimes risk reduction and prudential regulation. As international banks and trust companies continued to recover from the effects of the COVID-19 pandemic, the Central Bank's regulatory agenda remained focused on several major work streams, inclusive of finalizing the Basel capital rules and operationalizing aspects of the recovery and resolution framework emanating from the reforms set out in the Banks and Trust Companies Regulation Act, 2020.

CENTRAL BANK INITIATIVES

During the year, the Central Bank, continued to coordinate with other domestic regulators, to strengthen the jurisdictions' international standing. Varied initiatives targeted improvements in anti-money laundering (AML) and counter financing of terrorism (CFT) supervision and risk management. In particular, working within the Bahamas National Identified Risk Framework, further efforts to strengthen the effectiveness of regulatory practices resulted in the Caribbean Financial Action Task Force (CFATF) re-rating of The Bahamas, in 2022 as compliant or largely compliant with 40 out of 40 Financial Action Task Force (FATF) recommendations. In-house, the Bank implemented new monitoring tools to analyze SWIFT wire transfers inbound and outbound for The Bahamas, to improve insights on the profile of payments flows.

Promoting research and knowledge sharing on AML/CFT also stayed as a focal point. As such, the Bank, in collaboration with the Inter-American Development Bank (IDB) hosted the third annual Global Research Conference that highlighted academic research on anti-money laundering and financial crime suppression. This effort highlighted the importance, though objective data measures, of increasing the cost-benefit quantification of the effectiveness of international regulatory standards to combat financial crimes.

In the domestic space, as both financial stability outlook and foreign exchange market conditions normalized from the setback caused by the COVID-19 pandemic, the Central Bank began to relax prudential constraints on lending to the private sector. In order to expand SFIs capacity to the private sector, the Central Bank increased the maximum total debt service ratio (TDSR) on lending to households to 50.0% of income from the range of 45.0%-50.0% previously. Where credit risk assessments warrant, SFIs were also allowed to provide credit against zero-percent equity injection for personal loans other than residential mortgages.

The Bank also undertook to progress its policy position on the prudential treatment of digital assets, issuing draft **Digital Assets Guidelines** for industry consultation in December 2022. The draft guidelines adopted the earlier stance of the Basel Committee, of "same risk, same activity, same treatment", with more conservative measures for unbacked crypto assets and algorithmic stablecoins. The Basel Committee released a public consultation paper in June 2022, which explored the prudential treatment of banks' crypto asset exposure and this paper provided the foundation for the Central Bank to adjust its proposed policy framework on the treatment of digital assets, underscoring the need to establish sound risk management policies and procedures. A final version of the guidelines will be released in 2023.

Efforts also continued to strengthen the Bahamian crisis resolution framework. Progressing closer towards operationalising the resolution framework for SFIs, the Central Bank, benefitted from a technical assistance mission from the IMF. Among other emphasis, the mission provided recommendations to strengthen the operations of the Deposit Insurance Corporation (DIC), further clarify the bank resolution framework; and provide support to evaluate the pilot program to develop the first set of draft resolution plans for SFIs.

In the payments system, the Central Bank continued its modernization efforts around the Bahamian digital currency (CBDC), SandDollar, and accelerate the adoption of digital wallet payments. Focus intensified on technical improvements to upgrade the wallet's architecture in order to support increased involvement of authorised financial institutions (AFIs), and to expand merchant participation. Further systems upgrades included permitting two-way movements of funds between the SandDollar application and the banking system, a feature being deployed in 2023 within the proprietary systems of the AFIs. During 2023, SandDollar Wallet 2.0 application is scheduled for release, which will among other features, permit more streamlined onboarding of retail wallet users, greater flexibility for AFIs to band their presence within the app, and new capacity for AFIs to structure and provide merchant services from within the platform. Wallet 2.0 will also include technical upgrades surrounding AML/CFT risk management.

Other noteworthy financial market infrastructure enhancement included the Bahamas Registered Stock (BRS) Portal that was launched in October—automating the subscription process for Government debt instruments. This predated the commissioning into use in January 2022 of the Bahamas Government Centralised Securities Depository, as technical work on the platform was substantially completed in 2022. In addition, all of the payments infrastructures remain impacted by the jurisdiction initiative to become compliant with the ISO20022 messaging standards, which becomes universal for cross-border payments by 2024 and for domestic payments by 2025. The new standards improve the quality and information content of electronic payments messages.

In terms of the credit bureau, as operations become more established, participation from domestic banks, credit unions, public utilities and other credit information providers (CIPs) increased in 2022. Specifically, 38 statutorily obligated institutions progressed through varying stages of testing and data submission. Further, all banks transitioned to regular reporting of data and started using credit reports generated by the bureau. As engagement from the CIPs increased, the bureau operator, CRIF Information Services Bahamas Limited, continued to disseminate information to increase public awareness of the initiative.

CONCLUSION AND OUTLOOK

The 2022 survey of financial sector activity showed that the sector continued to adjust to international regulatory and compliance markets. In addition, given the persistent need for efficiency led adjustments in operating costs, the sector continues with the trend of consolidation, evidenced by the reduction of staff complement across the domestic and the international sectors. The international securities business also recorded a reduction in the number of active entities and vehicles, corresponding with a falloff in the value of assets under management. Meanwhile, adjustment pressures appear less acute for the domestic insurance and credit union sector, with marginal expansionary trends.

For its part, the Central Bank will sustain its efforts to further solidify its regulatory and supervisory regime—in line with international best practices—for its SFIs, as this remains an important component in The Bahamas’ offering to international clients. Further, the collaborative posture across all regulators will be maintained, to support the growth and resilience in financial services. Equally, the Bank will remain focused on domestic initiatives to strengthen financial inclusion and improve financial literacy.

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

Period	2017	2018	2019p	2020p	2021p	2022p
A. Taxes on Transactions	98.5	109.2	85.0	94.0	110.9	97.2
Gross Insurance Premium Tax 1/	22.1	23.2	24.3	26.2	26.3	29.5
Stamp Tax on Mortgages	15.2	18.5	8.3	4.6	2.2	11.1
Stamp Tax on Other Banking Transactions	61.0	67.3	52.1	62.9	81.9	56.4
Stamp Tax on Instruments & Bonds	0.2	0.3	0.4	0.3	0.4	0.2
B. Licence & Registration Fees	71.0	73.1	71.5	70.4	77.2	68.4
International Business Companies (IBCs)	15.1	14.7	13.3	12.2	13.5	12.8
Banks and Trust Companies 3/	50.5	51.0	50.6	50.6	52.9	55.1
Insurance Companies, Brokers & Agents	0.3	0.3	0.4	0.3	0.3	0.4
Financial & Corp. Svcs. Providers	0.6	0.6	0.6	0.5	1.9	n.a.
Investment Funds 2/	4.5	6.5	6.6	6.9	8.7	n.a.
C. Total Revenues 4/	169.5	182.3	156.4	164.4	188.1	165.6

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

Notes: 1/ Premium Tax collected from Insurance Companies.

2/ Amounts collected by the Securities Commission.

3/ Amounts include other fees payable.

4/ Excludes FCSPs & IFs for 2022

Table B. Gross Economic Contribution of Banks and Trust Companies in The Bahamas

Period	2018p	2019p	2020p	2021p	2022p
A. Total Employment	4,049	4,001	3,843	3,709	3,664
1. Non-Bahamians	249	247	244	214	215
2. Bahamians (of which)	3,800	3,754	3,599	3,495	3,449
i) Local Banking	2,430	2,457	2,398	2,306	2,272
ii) Offshore Banking	627	590	500	548	569
iii) Trust Administration	483	447	406	389	379
iv) Other	260	260	295	252	229
			(B\$ Millions)		
B. Total Operational Costs (1+2+3+4)	734.8	752.3	762.7	756.3	769.1
1. Salaries ¹	329.7	315.1	319.5	314.1	304.2
i) Base Salaries	275.5	268.6	274.2	265.3	255.2
ii) Bonuses	54.2	46.5	45.3	48.8	49.0
2. Government Fees	73.0	81.7	78.0	84.7	93.2
i) License	51.0	50.6	50.6	52.9	55.1
ii) Company Registration	0.6	0.4	0.4	0.3	0.1
iii) Work Permits	2.7	2.6	2.4	2.7	2.6
iv) Other Government Fees	18.6	28.1	24.7	28.9	35.5
3. Staff Training	3.0	2.6	1.2	1.1	1.6
4. Other Administrative Costs	329.1	352.9	364.0	356.4	370.0
C. Capital Expenditure²	25.4	18.4	17.1	15.1	8.9
D. Total Expenditure (B+C)	760.1	770.8	779.8	771.4	778.0
E. Average Salary (B\$)³	68,032	67,132	71,351	71,537	69,653

Source: Central Bank of The Bahamas

¹ Includes bonuses.

² Includes construction, renovation expenses and other fixed assets.

³ Excludes bonuses.

Table C. Gross Economic Contribution of Banks and Trust Companies by Group

Period	2018p	2019p	2020p	2021p	2022p	2018p	2019p	2020p	2021p	2022p
	Domestic					International				
A. Total Employment	3,182	3,195	3,124	3,034	3,008	867	806	719	675	656
1. Non-Bahamians	66	79	73	73	77	183	168	171	141	138
2. Bahamians (of which)	3,116	3,116	3,051	2,961	2,931	684	638	548	534	518
i) Local Banking	2,430	2,457	2,398	2,306	2,272	--	--	--	--	--
ii) Offshore Banking	182	200	193	222	260	445	390	307	326	309
iii) Trust Administration	317	292	266	239	236	166	155	140	150	143
iv) Other	187	167	194	194	163	73	93	101	58	66
	(B\$ Millions)									
B. Total Operational Costs (1+2+3+4)	495.8	509.1	530.0	532.5	557.3	239.0	243.2	232.7	223.8	211.8
1. Salaries ¹	196.0	195.8	203.3	201.6	197.0	133.7	119.3	116.2	112.5	107.2
i) Base Salaries	179.1	178.0	185.6	184.2	177.4	96.3	90.6	88.6	81.1	77.8
ii) Bonuses	16.9	17.8	17.7	17.3	19.6	37.3	28.7	27.6	31.4	29.4
2. Government Fees	63.7	72.8	69.7	76.2	85.1	9.4	8.9	8.3	8.5	8.2
i) License	44.9	44.5	44.4	46.9	49.2	6.2	6.1	6.1	5.9	5.9
ii) Company Registration	0.4	0.1	0.2	0.2	0.0	0.2	0.2	0.2	0.1	0.1
iii) Work Permits	0.9	0.7	0.9	0.6	0.9	1.8	1.9	1.5	2.1	1.7
iv) Other Government Fees	17.5	27.5	24.2	28.6	35.0	1.1	0.6	0.5	0.4	0.5
3. Staff Training	2.1	1.6	0.9	0.9	1.3	0.9	1.0	0.3	0.2	0.3
4. Other Administrative Costs	234.1	238.9	256.1	253.9	273.9	95.0	114.0	107.9	102.6	96.1
C. Capital Expenditure²	15.2	15.4	15.1	12.5	6.6	10.2	3.1	1.9	2.6	2.3
D. Total Expenditure (B+C)	511.0	524.5	545.1	545.0	563.8	249.2	246.3	234.6	226.5	214.1
E. Average Salary (B\$)³	56,289	55,708	59,411	60,727	58,976	111,129	112,419	123,227	120,129	118,608

Source: Central Bank of The Bahamas

¹ Includes bonuses.

² Includes construction, renovation expenses and other fixed assets.

³ Excludes bonuses.

Table D: Other Selected Financial Sector Statistics

	Unit	2018	2019	2020p	2021p	2022p
Investment Funds						
Licensed Investment Funds	Number	748	742	712	677	682
Licensed Administrators	Number	62	57	48	45	46
Net Asset Value	<i>B\$ Billions</i>	<i>n/a</i>	38.4	49.7	50.9	50.3
Insurance Companies and Agents						
Domestic Companies and Agents	Number	151	160	159	152	158
Total Domestic Assets	<i>B\$ Millions</i>	2,055.5	3,372.0	2,211.0	2,138.8	2,191.7
Employment*	<i>Number</i>	1,389	1,027	914	931	931
Average Annual Salaries*	<i>B\$</i>	43,514	39,968	36,544	37,832	37,193
Operating Costs / Total Expenditure	<i>%</i>	97.0	90.4	98.7	99.1	98.7
External Insurers & Intermediaries	Number	33	33	32	30	30
Credit Unions (Active)						
Number of Unions	Number	10	10	10	10	8
Total Assets	<i>B\$ Millions</i>	450.9	476.0	482.3	474.6	483.6
Employment	<i>Number</i>	182	183	190	189	192
Average Annual Salaries	<i>B\$</i>	30,473	31,525	29,816	32,074	32,380
Total Expenditure	<i>B\$ Millions</i>	31.04	31.58	29.00	27.30	27.82
Operating Costs / Total Expenditures	<i>%</i>	56.7	60.8	60.6	65.6	70.4
Bahamas International Securities Exchange (BISX)						
Securities Listed	Number	49	44	47	47	47
Shares Traded	<i>Thousands</i>	8,520	28,853	5,558	12,045	8,863
Market Capitalization	<i>B\$ Billions</i>	5.40	5.53	8.76	9.28	10.06

Sources:

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

Notes:

*2017-2018 data is based on Central Bank estimates and surveys; 2019-2022 based on survey data only.