



Central Bank of The Bahamas Celebrating 40 Years



Central Bank of The Bahamas
40th Anniversary Celebrations
Exhibition Opening



Rawson Square

Nassau, N.P., Bahamas
13th June, 2014



PROCLAMATION

WHEREAS, the Central Bank of The Bahamas Act, 1974, created a statutory body with the responsibility to foster an environment of monetary stability conducive to economic development, and to ensure a stable and sound financial system;

AND WHEREAS, the Central Bank of The Bahamas was established to carry out the functions and responsibilities of the Act and, in collaboration with the financial institutions, to promote and maintain adequate banking services and high standards of conduct and management therein;

AND WHEREAS, the Central Bank of The Bahamas was mandated to advise the Minister of Finance on any matter of a financial or monetary nature referred to by him to the Bank for its advice;

AND WHEREAS, there remains a continuing need for the promotion, development, maintenance and oversight of the financial services sector for the benefit of all citizens and residents of The Bahamas;

AND WHEREAS, the Central Bank of the Bahamas is desirous of setting some time aside to recognize the hard work and dedicated professionalism of the management and staff of the Bank;

NOW, THEREFORE, I Perry G. Christie, Prime Minister of the Commonwealth of the Bahamas, do hereby proclaim the month of June 2014 as "THE CENTRAL BANK OF THE BAHAMAS MONTH".



IN WITNESS WHEREOF, I have hereunto set my Hand and Seal this 12th day of February, 2014

PERRY G. CHRISTIE
PRIME MINISTER



MESSAGE FROM THE GOVERNOR

It is a great pleasure and honor to welcome you to the opening of this exhibit in celebration of the 40th Anniversary of the Central Bank of The Bahamas. The opening of the Central Bank, on 1st June, 1974, a little less than a year after The Bahamas gained its independence, demonstrates how closely integrated our institution is with the legacy of our nation's journey.

The foundations of central banking in The Bahamas were erected to improve banking and financial conditions, and to achieve greater financial stability in the country. Some 40 years later, this mandate has not changed—although the strategies, approaches and frameworks have evolved, as we sought to enhance our effectiveness in delivering these desired objectives. While the period has been punctuated by economic, supervisory and regulatory events that challenged our resolve, the outcomes have been equally rewarding. Moreover, the evolution of the Bahamian economy has occurred in an environment of financial stability, and we have been able to secure meaningful advances in the development of our financial infrastructure.

This exhibit gives us an opportunity to reflect upon past events that have defined our institutional progress, and to basically share with the public what we do, and why our functions are so important to the financial stability of the country and, by extension, our economic fortunes.

As we mark this important milestone, we are proud of our achievements as an institution. We also celebrate all those individuals, past and present who, through their dedication, professionalism and integrity, have contributed to the Central Bank's development and success.

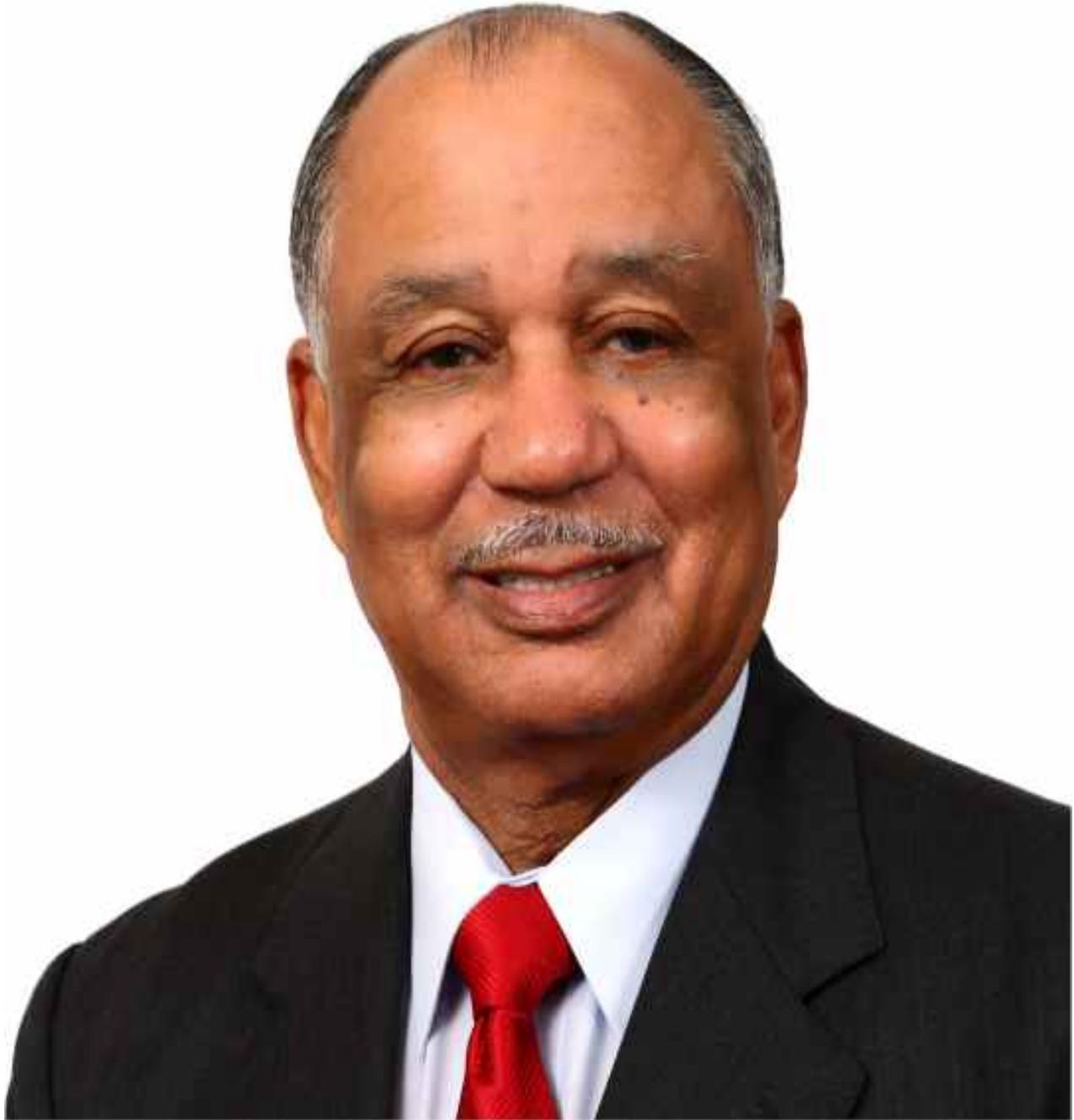
We trust you enjoy the exhibit!

WENDY CRAIGG
Governor



WENDY M. CRAIGG, CBE
Governor (June 2005 – Present)

Mrs. Wendy Craigg was appointed the first female Governor of the Central Bank of The Bahamas on 1st June 2005, after serving as Deputy Governor of the Central Bank from 1997-2005. Mrs. Craigg began her career as a central banker in 1978, when she was appointed Junior Economist in the Research Department, and was subsequently promoted to Economist in 1980, Deputy Manager of the Research Department in 1984, Acting Manager in 1989 and Manager in 1991. She served as Senior Manager from 1996 until her appointment as Deputy Governor. In 2008, the honour of Commander of the Most Excellent Order of the British Empire (CBE) was conferred on Mrs. Craigg.



TIMOTHY BASWELL DONALDSON, CBE
Governor (June 1974 – May 1980)

The late Mr. T. Baswell Donaldson was appointed as the first Governor of the Central Bank of The Bahamas and Chairman of the Board on 1st June, 1974, having previously served as Manager (1968-1972) and Chairman (1972-1974) of The Bahamas Monetary Authority. Mr. Donaldson began his career as Assistant Secretary in the Ministry of Finance and later served as Controller of Exchange. In 1973, he was awarded Commander of The Most Excellent Order of the British Empire (CBE). After demitting office at the Central Bank, Mr. Donaldson served as chairman of Commonwealth Bank, the Securities Commission and College of The Bahamas Council. He also served as Ambassador of The Bahamas to the United States.



SIR WILLIAM C. ALLEN, KCMG

Governor (June 1980 – January 1987)

Sir William Allen joined The Bahamas Monetary Authority as Manager of Research in 1970. He was named Deputy Governor of the Central Bank, successor to the Authority, in 1974. He became Governor on 1st June, 1980 on the resignation of Mr. Timothy Baswell Donaldson from the post. Following an extensive career in banking and finance, Sir Allen went on to serve in the Government of The Bahamas as Minister of State in the Ministry of Finance and Planning and subsequently as Minister of Finance and Planning. In 2000, Sir Allen was made a Knight Commander of the Most Excellent Order of St. Michael and George (KCMG).



JAMES H. SMITH, CBE

Governor (February 1987- January 1997)

Mr. James Smith was appointed Governor of the Central Bank of The Bahamas on 1st February, 1987. Mr. Smith previously served as Permanent Secretary and Secretary for Revenue in the Ministry of Finance, where he was actively involved in the development of fiscal policy. Following his tenure at the Central Bank, Mr. Smith became senator and Government Minister of State in the Ministry of Finance. He also served as Ambassador for Trade and led missions to various countries. Mr. Smith was bestowed Commander of the Most Excellent Order of the British Empire (CBE) in 2000.



JULIAN W. FRANCIS, CBE

Governor (February 1997- May 2005)

Mr. Julian W. Francis was appointed to the post of Deputy Governor and member of the Bank's Board of Directors in 1993, following a successful banking career in Paris, France, and earlier in The Bahamas. Mr. Francis was appointed Governor of the Central Bank of The Bahamas on 1st February, 1997. In 2000, the honour of Commander of the Most Excellent Order of the British Empire (CBE) was conferred on Mr. Francis.

Evolution of The Bahamas' MONETARY SYSTEM

The Bahamas Currency Board (1919-1968)

Functions:

Issued and redeemed local currency against British Sterling at par

Limitations:

- Had to hold foreign reserves equal to **100%** of domestic notes issued
- Did not exercise centralised control over foreign reserves in the banking system
- No 'lender of last resort' function to banks
- Unable to lend to Gov't and public corporations
- Lack of regulatory and supervisory powers for banking sector

The Bahamas Monetary Authority (1968-1974)

Functions:

- Managed the country's foreign exchange reserves
- Able to hold foreign reserves equal to at least **50%** of domestic notes issued
- Lender to Gov't via purchase of debt
- Lender of last resort to banks
- Supervised banks and trust companies
- Managed exchange control regime on capital transactions

Limitations:

No legal authority to employ active monetary policy measures to correct worsening balance of payments position

The Central Bank of The Bahamas (1974-Present)

Functions:

- Able to implement monetary policy measures to protect the country's fixed exchange rate regime
- Banker to Government and public corporations
- Banker to the commercial banks and lender of last resort
- Able to provide advice to the Minister of Finance on economic matters
- Regulator and supervisor of the banking sector
- Manage exchange control regime on current/capital transactions
- Oversight of payment systems



Evolution of The Bahamas' Monetary System

INSTITUTIONAL CHANGES

In The Bahamas, the history of central banking went through three (3) phases, starting with the establishment of the Currency Board, followed by The Bahamas Monetary Authority and then the Central Bank of The Bahamas. The evolution of the country's monetary system followed the normal transition path observed in the former British colonies.



The Cornerstone
for this
Central Bank Building
was laid by
His Royal Highness
Prince Charles
The Prince of Wales
on the occasion of
the Independence of
the Commonwealth
of the Bahamas

The Hon Lynden O Pindling LLB LL.D MF
Prime Minister and
Minister of Economic Affairs

The Hon Arthur D Harris MP
Deputy Prime Minister and
Minister of Finance

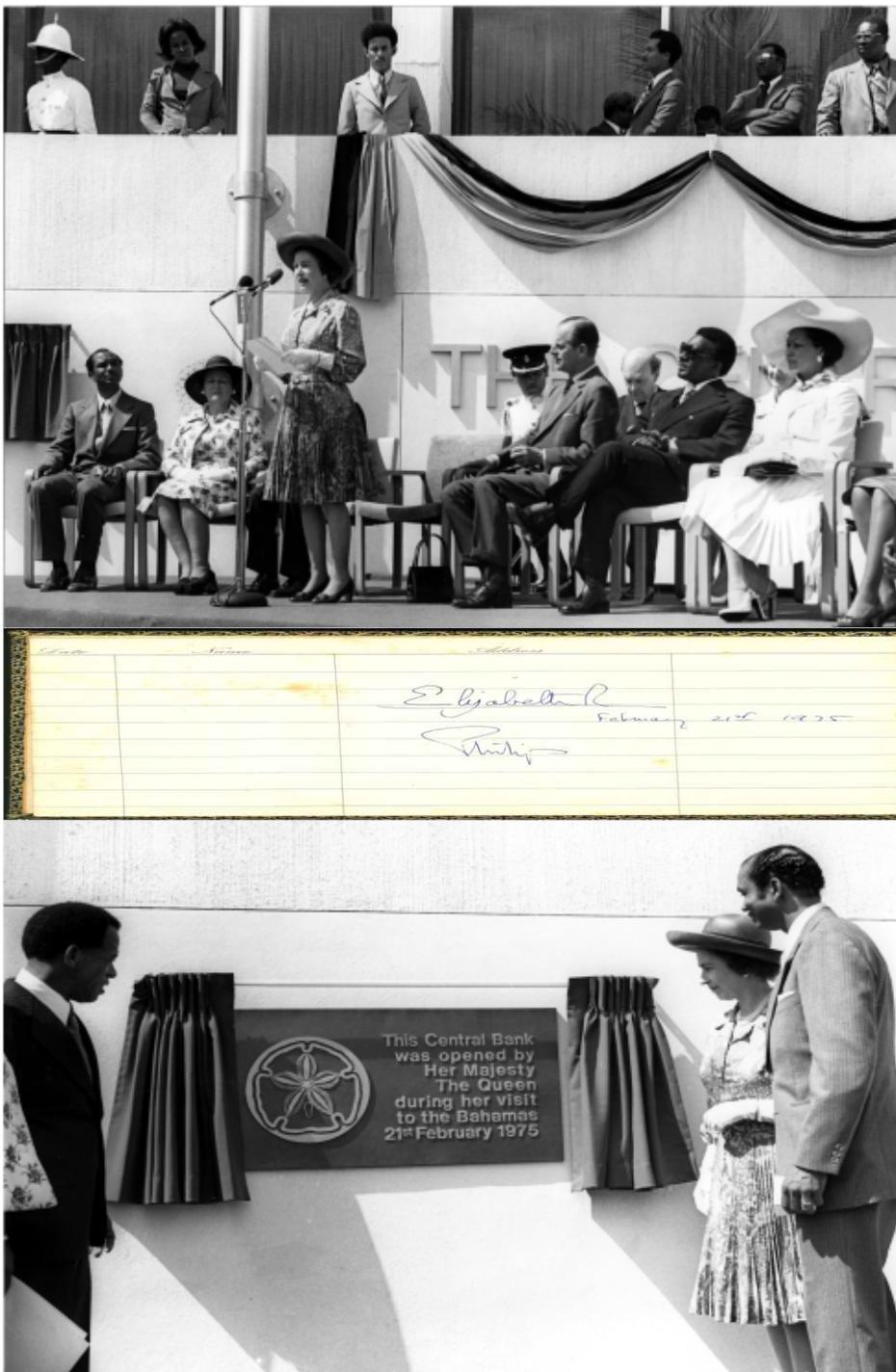
9th July 1973

“I regard it a good omen that the literal laying of the cornerstone of the Central Bank coincides with the figurative laying of the cornerstone of our new nation and as the cornerstone of the Central Bank symbolises the seed from which a strong durable edifice shall rise, tomorrow, July 10th, Independence day for the Bahamas, symbolises the seed from which a strong and secure nation shall grow.”

Speech Made by T. B. Donaldson Chairman Bahamas Monetary Authority on the occasion of laying of the cornerstone of The Central Bank of the Bahamas by His Royal Highness the Prince of Wales July 9th. 1973.

CORNERSTONE

The Foundation: The chief cornerstone of the Central Bank's edifice laid by His Royal Highness Prince Charles, July 9, 1973 one day prior to The Bahamas' Independence from Great Britain.



OFFICIAL OPENING OF THE BANK

Her Majesty Queen Elizabeth II, Governor T.B. Donaldson and the Honourable A.D. Hanna, Minister of Finance, view the unveiled plaque commemorating the Bank's official opening by Her Majesty.

Governor T.B. Donaldson, Mrs. Hanna, the Honourable Minister of Finance A.D. Hanna, HRH Prince Philip, Honourable Prime Minister Lynden Pindling and Mrs. Pindling, among other guests and employees, listen to Her Majesty the Queen's address during the official opening ceremony of the Bank in February, 1975.

Official guest book signed by Her Majesty Queen Elizabeth II and HRH Prince Philip at the official opening of the Central Bank of The Bahamas, February 1975.



Governor T.B. Donaldson and Her Majesty Queen Elizabeth II greet guests during the official opening of the Central Bank, February 1975.



STAFF PHOTOS

In 1975, the Central Bank of The Bahamas staff complement was 77, distributed over four (4) Departments—Exchange Control, Bank Supervision, Banking and Research Departments. The then Governor was T.B. Donaldson, Deputy Governor, Mr. William Allen and Banking Manager, Mr. Hubert Dean.

As at end-April 2014, the Central Bank staff complement totaled 239, and comprised eight (8) Departments—Exchange Control, Bank Supervision, Banking, Research, Accounts, Administration, Human Resources and Information Technology Departments—and three (3) Units (Internal Audit, Legal and Security).



HUBERT L. DEAN, A.B.I.B

Deputy Governor (1981-1992)

Mr. Hubert L. Dean's banking experience began at The Bank of Nassau Limited and the Sassoon Banking Company Limited. He subsequently joined The Bahamas Monetary Authority in 1968, as Senior Assistant to the Chairman, in charge of the Accounts Office. In 1970, Mr. Dean was appointed Manager of the Bank Supervision Department and in 1972 he was promoted to Manager of the Banking Department, a post he maintained until 1981, when he was appointed Deputy Governor of the Central Bank.



MICHAEL F. LIGHTBOURNE

Deputy Governor (2007 - Present)

Mr. Michael Lightbourne was appointed Deputy Governor of the Central Bank of The Bahamas in June, 2007. He is a former central banker, having served as Deputy Manager of the Bank Supervision Department from 1983 to 1991. A career banker, he began his professional career as an Investment Analyst and Portfolio Manager at RoyWest Trust Corporation of The Bahamas (now S G Hambros Bank & Trust) where he was employed from 1977 to 1982. He also held the post of Account Manager at Royal Bank of Canada, where he managed both private and public sector portfolios.

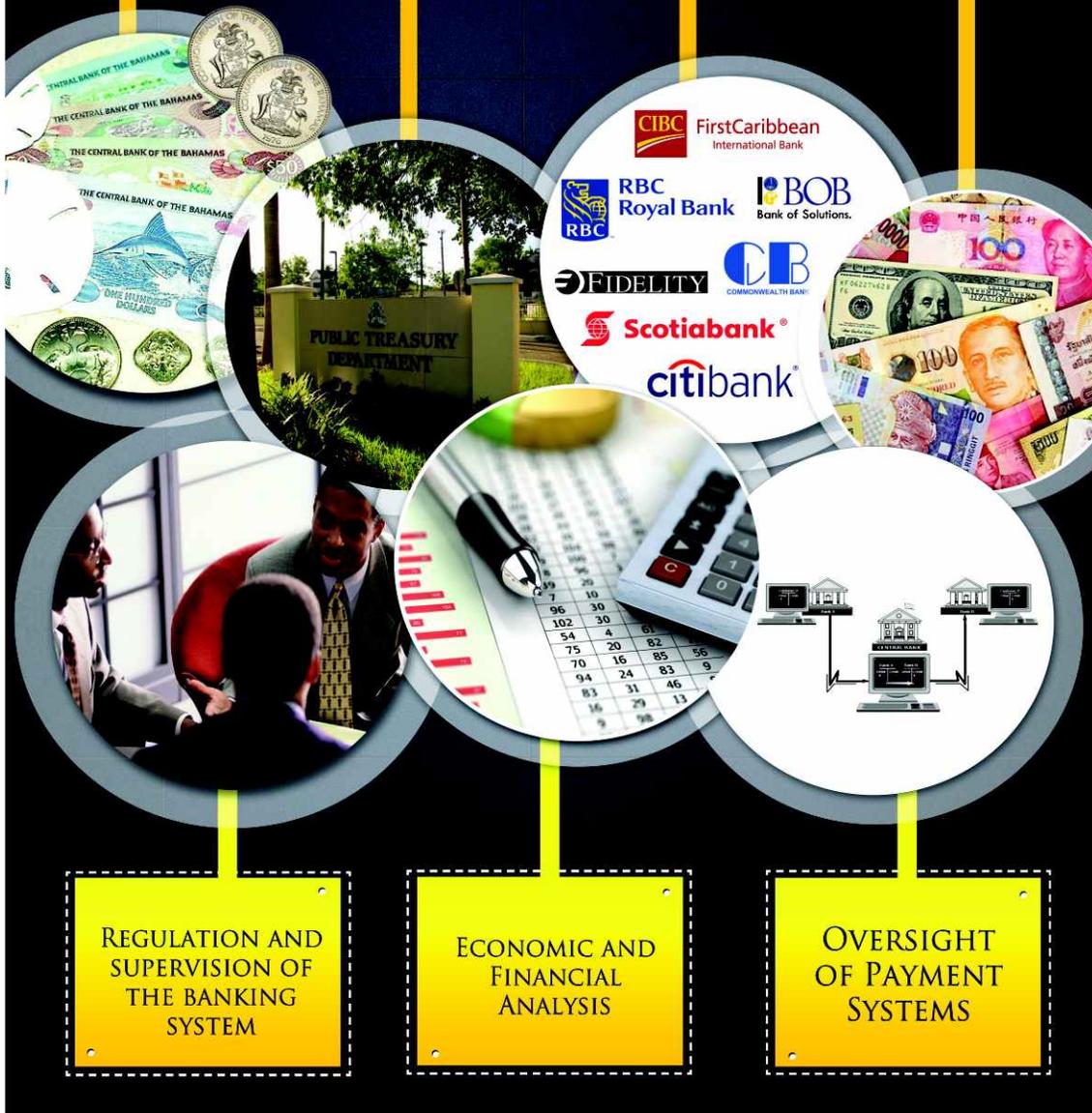
• KEY FUNCTIONS OF • THE CENTRAL BANK

ISSUER OF
NOTES AND
COINS

BANKER AND
ADVISOR
TO THE
GOVERNMENT

BANKER TO
THE BANKS/
LENDER OF LAST
RESORT

MANAGEMENT
OF FOREIGN
RESERVES



REGULATION AND
SUPERVISION OF
THE BANKING
SYSTEM

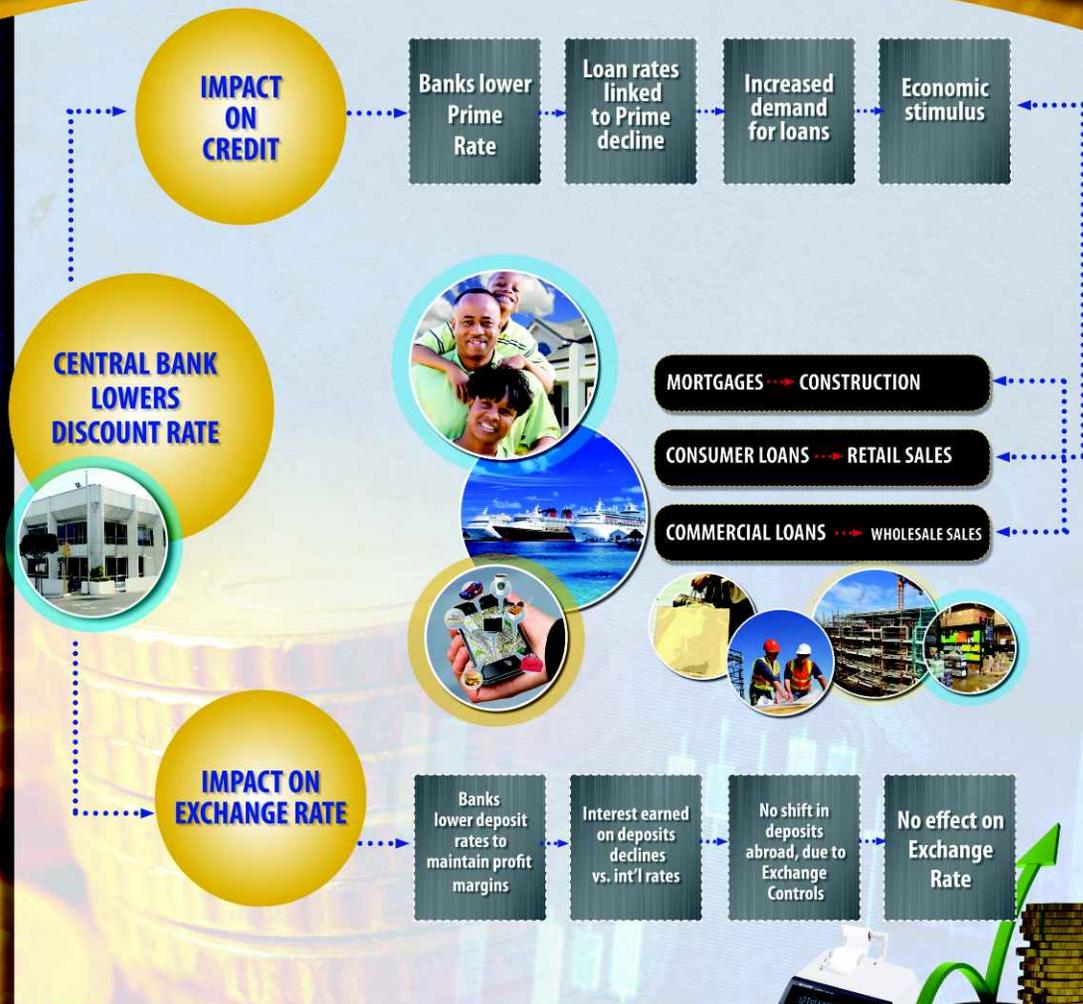
ECONOMIC AND
FINANCIAL
ANALYSIS

OVERSIGHT
OF PAYMENT
SYSTEMS

FUNCTIONS OF THE CENTRAL BANK

The Central Bank of The Bahamas was established on June 1, 1974, with the mandate to conduct independent monetary policy and supervise the financial sector, with the aim of ensuring financial and economic stability. The overriding goal continues to be maintenance of the Bahamian dollar's fixed parity with the United States dollar. The full scope of monetary policy was provided for under the Central Bank of The Bahamas Act, 1974 now superseded by the Central Bank of The Bahamas Act, 2000. The Bank's mandate is operationalized through several key functions.

TRANSMISSION OF MONETARY POLICY IN THE BAHAMAS



KEY MONETARY POLICY ACTIONS (TRANSMISSION OF MONETARY POLICY)

Monetary policy refers to initiatives pursued by the Central Bank of The Bahamas to promote financial sector stability and maintain stable credit conditions, in order to support the fixed exchange rate between the Bahamian and United States dollars, while encouraging economic growth. The policy tools available to the Bank include reserve requirements, the discount rate, selective credit controls and moral suasion.



CENTRAL BANK KEY DEVELOPMENTS IN THE LEGISLATIVE FRAMEWORK



THE CENTRAL BANK ACT

1974: The 1974 Act provided for the Central Bank to be the sole issuer of bank notes and coins (legal tender), manager of the country's external reserves, banker to domestic banks (lender of last resort for short-term liquidity requirements) and the government (provision of short-term advances, and banking and public debt registry services), and regulator and supervisor of the banking sector.

The key changes in the financial sector structure in The Bahamas were in response to the global multi-lateral initiatives taken by the Financial Stability Forum (FSF), the Organization for Economic Cooperation and Development (OECD), the Financial Action Task Force (FATF) (which resulted in the "blacklisting" of The Bahamas), and the Internal Revenue Service (IRS) of the United States.



2000: In December, 2000, the 1974 Act was repealed and replaced by a new Central Bank of The Bahamas Act (the CBBA) which retained most of the provisions of the 1974 Act and added several key provisions inclusive of provisions which established a framework for international co-operation. The enactment of the CBBA, 2000 also gave the Central Bank more autonomy and independence.

BANKS AND TRUST COMPANIES REGULATION ACT



2000: The Banks and Trust Companies Regulation Act (BTCRA) 2000 re-enacted most of the provisions of the repealed Banks Act, 1909 and Banks and Trust Companies Regulation Act, 1965—which together provided for the regulation of banks and trust companies in The Bahamas. The new Act enhanced the Bank's supervisory powers by expressly authorizing the Bank to conduct on-site examinations of licensees.

2006: Amendments established the framework for the introduction and regulation of private trust companies and facilitated the introduction of the Banks and Trust Companies (Private Trust Companies) Regulations, 2007.

2007: Amendments permitted the Central Bank to co-operate with and share information with other domestic regulatory authorities, to assist them in carrying out their functions or as part of consolidated supervision, oversight or regulation of the financial services sector.

2008: Amendments brought stand-alone, non-bank money transmission businesses under the regulation of the Central Bank and facilitated the introduction of the Banks and Trust Companies (Money Transmission Business) Regulations, 2008.

PAYMENT SYSTEMS



2010: Amendments to the Central Bank of The Bahamas Act expanded the Bank's functions to include the requirement for the Bank to ensure the stability of the financial system and to promote and ensure a sound and efficient national payments system.

2012: The Payment Systems Act, 2012, authorizes the Central Bank to oversee the payments system, provides for settlement finality in the payments system, provides for cheques to be cleared electronically using approved cheque images, and for the creation of a National Payments Committee as an advisory Body to the Central Bank.

DORMANT ACCOUNTS



1989: The 1965 Banks and Trust Companies Regulation Act was amended in 1989 to include provisions relating to dormant accounts. These provisions which were later repealed and re-enacted in Section 20 of the Banks and Trust Companies Regulation Act, 2000 (BTCRA) directs licensees to transfer to the Central Bank, those accounts where "no transaction has taken place or no statement of account has been requested, or no written acknowledgement has been received from the customer, during a period of seven years". These transfers release licensees from liability for such accounts, and protect the future claims of depositors.

PROTECTION OF DEPOSITORS ACT



1999: The Protection of Depositors Act, sets out the framework for the Deposit Insurance Corporation (DIC) to insure Bahamian dollar deposits of up to or below \$50,000. The Central Bank has statutory responsibility to oversee the Deposit Insurance Fund (the Fund) for Bahamian dollar deposits in the banking system.

More detailed information is available on the Central Bank website: www.centralbankbahamas.com

KEY LEGISLATIVE CHANGES

Over the last forty (40) years, key legislation governing the Central Bank of The Bahamas and the financial sector, as a whole, have been amended and new laws enacted to enhance the stability of the financial system, as well as to ensure alignment with international standards. The most comprehensive overhaul of financial sector legislation occurred in the year 2000.

Typical Exchange Control Approval Process

THEN...



NOW...



| SIGNIFICANT CATEGORIES | OLD LIMIT | NEW LIMIT |
|-------------------------------|---|--|
| Personal Travel | \$1,000/Trip | \$10,000/Trip |
| Education | \$10,000/YR (payable to institution) | \$25,000 (payable to institution) |
| Business Travel | \$50,000/YR | \$10,000/Transaction |
| Non-Oil Import (CIF) | Up to \$100,000 | Up to \$500,000 |
| Sundry Service Payment | Varying limits granted at Central bank | \$25,000/Transaction (Granted at Commercial bank) |

EXCHANGE CONTROL

Exchange controls are a set of rules, regulations and procedures governing all foreign currency transactions between residents of The Bahamas and residents of foreign countries, commonly referred to as non-residents. Their legal basis is in the Exchange Control Act, 1952 and the Exchange Control Regulations, 1956.

A CHRONOLOGY OF CURRENCY DEVELOPMENTS IN THE BAHAMAS

| YEAR | MAJOR DEVELOPMENTS |
|------|---|
| 1707 | British Parliament sanctions the exchange of British coins for foreign coins in The Bahamas. |
| 1888 | First local paper currency notes are issued by Bank of Nassau. |
| 1917 | Local paper currency notes are taken out of active circulation. |
| 1919 | Decision is taken to recommence issuance of local currency notes, under the Currency Act, 1919. |
| 1965 | Bahamian Pound is decimalised into the Bahamian Dollar, by the Currency Act of 1965. |
| 1966 | Bahamian Dollar is introduced and pegged to the Pound Sterling (B\$1=7 shillings). Bahamian banknotes are issued in denominations of \$½, \$1, \$3, \$5, \$10, \$20, \$50 and \$100. Coins are issued in denominations of 1¢, 5¢, 10¢, 15¢, 25¢, 50¢, \$1, \$2, \$5 and \$10. |
| 1968 | First banknotes issued under the Bahamas Monetary Authority. |
| 1971 | Bahamian Dollar is devalued (from B\$2.40=£1 to B\$2.5275=£1) and direct link with the Pound sterling is permanently severed. |
| 1972 | Value of Bahamian dollar is fixed against the United States Dollar at B\$0.97=US\$1. |
| 1973 | Devaluation of Bahamian dollar to B\$1=US\$1. Issuance of 50¢, \$1, \$2, \$5 and \$10 coins ceases. |
| 1974 | First banknote issued under the Central Bank of The Bahamas Act. |
| 1984 | New family of banknotes introduced, with enhanced colour, design and security features. |
| 1988 | The colours of the \$100 banknote are changed from violet and purple to blue, violet and carmine, with silver highlights on the back. |
| 1992 | Special quincennial \$1 banknote is issued to commemorate the landfall of Christopher Columbus in The Bahamas. |
| 1993 | First denomination of banknotes depicting national heroes is introduced; the \$20 banknote bears the portrait of Sir Milo B. Butler. |
| 1995 | New \$5 banknote is issued, bearing the portrait of Sir Cecil Wallace-Whitfield. |
| 1996 | New portrait of Her Majesty Queen Elizabeth II is placed on the \$1, \$10 and \$50 banknotes. |
| 2000 | New \$10 and \$50 banknotes are issued, bearing portraits of Sir Stafford Sands and Sir Roland Symonette, respectively. |
| 2001 | The \$1 banknote is redesigned, bearing the portrait of Sir Lynden O. Pindling. |
| 2005 | Newly designed \$10 banknote is introduced into circulation—the first in its family of Counterfeit Resistant Integrated Security Product (CRISP). |
| 2006 | Newly designed CRISP \$20 and \$50 banknotes are introduced into circulation. |
| 2007 | Newly designed CRISP \$5 banknote and 10¢ coin are introduced into circulation. |
| 2008 | Newly designed CRISP \$1 banknote is introduced into circulation. |
| 2009 | Newly designed CRISP \$100 banknote is introduced into circulation. |
| 2016 | *** Scheduled launch of the newly designed family of banknotes (CRISP 2). *** |

POUND STERLING BANKNOTES



Shillings and Pounds

Under the leadership of King George VI, and later Queen Elizabeth II, The Bahamas used Pound and Shilling notes in the following denominations: 4 and 10 Shillings and 1 and 5 Pound notes, all under the authority of the Currency Board and later The Bahamas Government. Added to these notes, the following coins were also used for the payment of debt in the colonies until the establishment of the Currency Note Act (1965): half penny (1/2d), penny (1d), six pence (3d), shilling (1s), florin (2s) and half crown (2s 6d).

1966 THE BAHAMAS GOVERNMENT

1968 BAHAMAS MONETARY AUTHORITY

1974 THE CENTRAL BANK OF THE BAHAMAS

BANKNOTES



1966

On May 25th, 1966, The Bahamas Government recorded the historic release into circulation of the first Bahamian currency in the following denominations: \$1/2, \$1, \$3, \$5, \$10, \$20, \$50 and \$100 bills and: \$0.01, \$0.05, \$0.10, \$0.15, \$0.25, \$0.50, \$1, \$2 and \$5 coins. However, still a colony of Great Britain and new to changes in the financial atmosphere of this country, the front of the banknotes portrayed the reigning monarch, while the back portrayed various Bahamian scenes.

1968

At inception, The Bahamas Monetary Authority printed a new series of Bahamas banknotes, similar to those printed under The Bahamas Government and ranging in similar denominations, with no real change made to their actual designs. However, a very important feature of Bahamas banknotes is its signature. The official signatories of the banknotes were, Chairman of The Bahamas Monetary Authority, Leslie Hammond and then Manager of The Bahamas Monetary Authority, T. Baswell Donaldson.

1974

In 1974, under the newly established Central Bank of The Bahamas, there was the first change and reprint of Bahamas banknotes since those printed under The Bahamas Monetary Authority and the signature of the first Central Bank Governor (former Manager of The Bahamas Monetary Authority), T. Baswell Donaldson, appeared on all banknotes produced during his tenure, from 1974 to 1980.

BANKNOTE 1984 FAMILY



1984

In 1984, in commemoration of the 10th Anniversary of the Central Bank of The Bahamas, a new family of Bahamas banknotes was issued. Each denomination depicts a different Bahamian scene at back that is surrounded by a border which includes, on the right the Coat-of-Arms of the Commonwealth of The Bahamas, the Bank's logo, the numeral at bottom left and the denomination numeral located at front and back in the four corners.

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2008



2007



2005



2006



2006



2009



2005

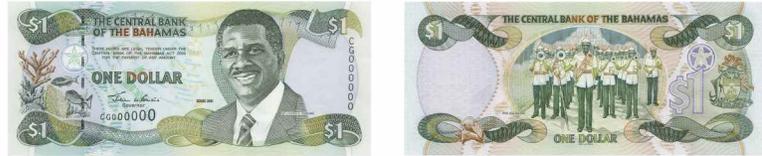
The first in its family of Counterfeit Resistant Integrated Security Product (CRISP) (the \$10 banknote) was introduced into circulation. The design took advantage of improved technology in banknote production, including security features.

BAHAMIAN HANK MARK IN NOTE NE F H A M E R I L O Y E S

1992- QUINCENTENNIAL, CHRISTOPHER COLUMBUS



2001 - THE RT. HON. SIR. LYNDEN O. PINDLING



1995 - SIR. CECIL WALLACE-WHITFIELD



2000 - SIR. STAFFORD L. SANDS



1993 - SIR. MILO B. BUTLER



2000 - SIR. ROLAND T. SYMONETTE



QUINCENTENNIAL AND BAHAMIAN HEROS

1992

In 1992, in commemoration of Christopher Columbus's First Landfall in The Bahamas, a commemorative Quincentennial \$1 bank note was produced, bearing on front, among other pictures, the protrait of Christopher Columbus.

1993

In celebration of the twentieth year of Independence of The Bahamas, The Bahamas Government, in 1993, placed on The Bahamas twenty-dollar banknote (\$20.00), a portrait of the late Sir Milo Butler.

2001

The Bahamas government, in 2000 honoured the legacy of Sir Lyden O. Pindling, the "father of the nation", by placing his portrait on The Bahamas one-dollar banknote (\$1.00).

2000

Sir Roland T. Symonette, who became the first Premier of The Bahamas in 1964, was, in 2000, bestowed the honor of having his protrait placed on The Bahamas fifty-dollar bill (\$50.00)

2000

In recognition of his contribution to developing the financial and tourism potential of the country, the Government of The Bahamas placed Sir Stafford L. Sands portrait on the ten-dollar banknote (\$10.00) in 2000.

1995

Sir Cecil Wallace-Whitfield distinguished himself as a trailblazer in the political arena of The bahamas and, in 1995, the government of The Bahamas honoured him by having his portrait placed on The Bahamas Five dollar (\$5) banknote.

COINS CIRCULATION



COMMEMORATIVE COINS



COINS

Bahamas coins, similar to Bahamas banknotes, are not produced in The Bahamas. These coins are created using highly sophisticated machinery, to produce an original from which others are replicated. The colour of these coins is largely dependent upon their composition, but can be artificially coloured. Royal Canadian Mint produces most of the current circulation coins.

Numismatic coins have been used to commemorate major event in Bahamian history, such as the Coronation of the Queen, Independence of The Bahamas, the Twenty-fifth Anniversary of the Central Bank and, more recently, the Olympic Women 4x100 metre relay Champions and the Golden Girls. These are either struck in gold and or silver, and are in denominations of \$50, \$100 and \$250.

CURRENCY PROCESSING MACHINES



PRE 1998: HIGH SPEED DESK-
TOP COUNTING MACHINE



PRE 1998: HIGH SPEED DESK-
TOP COUNTING MACHINE



1998-2005: DLR3260



1970'S: TARNATOR HIGH-
SPEED BELT SHREDDER



1970'S:
BANKING
MANAGER'S
KEYS



1970'S:
MUNROE
HYDRAULIC
PUNCH



1980'S: CUSTOMIZED CANCELLATION
MACHINE



NOW: CPS1200

CURRENCY PROCESSING MACHINES

The Tarnator high-speed belt shredder was the primary method of destroying currency in the mid 1970's, while the Munroe hydraulic punch was used to "cancel" banknotes by punching holes in them. The cancelled banknotes were then turned over to currency clerks for counting. In the mid-1980's, the Munroe hole punch was upgraded to the customized banknote cancellation machine capable of cancelling five times as many banknotes, per minute, as the Munroe punch.

Prior to 1998, a series of high speed desktop counting machines, like the ones above, were used by a team of up to 5 keen-eyed Currency Clerks to verify the authenticity of each banknote. These machines are now practically relics in the banknote technology world.

The DLR3260 was deployed at the Bank in July 1998 and remained in operation until 2005. The machine was capable of counting, authenticating, and sorting up to 3700 banknotes per hour—with online destruction and strapping managed by one operator.

The CPS1200—a modular banknote sorting and authentication machine, was deployed at the Bank in January 2005 and continues to be used daily for banknote verifications. The machine is capable of counting, authenticating, and sorting (into fit and unfit categories) up to 1200 banknotes per minute (72,000 per hour). The machine includes online destruction of unfit banknotes and strapping/bundling of fit banknotes and is designed to be operated by one person.



The Board of Directors of The Central Bank proudly takes this opportunity offered by the occasion of The Bank's Tenth Anniversary to encourage the work of young Bahamian artists. This was the Directors' intentions in including an Art Competition and Exhibition as a part of the Tenth Anniversary Celebrations.

We are particularly encouraged by the large number of young artists who entered the competition and by the quality of their work. We are hoping to establish this competition and exhibition as an annual event sponsored by the Bank.

The Central Bank is shortly to begin construction of an expansion to its facilities, which will include provision for a small currency museum. Our plans are to display the winning pieces of art from this and future competitions in this museum.

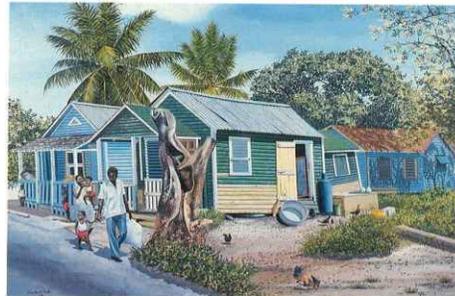
For this present competition, The Board did not specify a theme, but we expressed a preference for topics depicting the Bahamian heritage. It was felt that this Tenth Birthday of The Bank was an appropriate time for us to put ourselves in some historical perspective through the eyes of the young artist.

We trust you will find these contributions to Bahamian art by some of our young people both interesting and exciting.

William C. Allen

William C. Allen
Governor
The Central Bank of The Bahamas

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3rd Prize — 1984 Exhibition & Competition
By Chan Pratt



1st Prize — 1984 Exhibition & Competition
By Ricardo Knowles

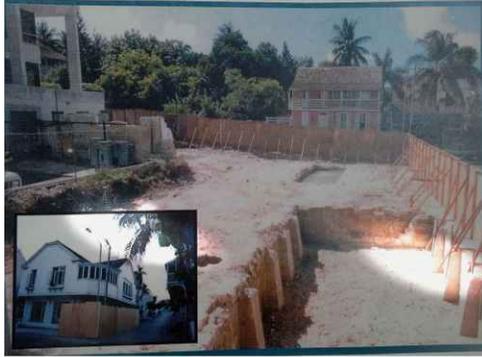


2nd Prize — 1984 Exhibition & Competition
By Dorman Stubbs

ARTWORK/OPENING OF 1ST EXHIBIT

Governor William Allen addresses the opening of the 1st Annual Art Exhibition in November 1984. Pictured also are the Honourable A.D. Hanna, Minister of Finance and Ethlyn Isaacs, Financial Secretary and Director.

Winners of the first Art Exhibition held in 1984, in the newly opened Central Bank Art Gallery.



Bank Buildings

Houses at Trinity Place, artist rendition of historic scene showing the south side of Trinity Place as it was before the two houses were removed to make way for the Central Bank of The Bahamas extension.

Malcom (Marmaduke) House was built on a site originally owned by a Mrs. Bell, whose daughter married Marmaduke Sands in 1972. The building was then owned for a long period by the Malcom family (hence the name) and later acquired by the Central Bank of The Bahamas in 1999. However, before restoration could commence, it was destroyed by Hurricane Floyd in the same year.

Between 1985 and 1987, the Central Bank of The Bahamas acquired several parcels of land on the western side of Market Street, namely, the Bryce Property with Balcony House, Verandah House, Great House and Sands Holm.

Balcony House, a two storey residence on market street was built around 1790. It has a detached kitchen and a mahogany stair case said to have come from a ship. The house was once owned by Charlotte Dillett and Lord Beaverbrook. John C. Bryce and Josephine Bryce acquired Balcony House in 1947. The Central Bank purchased the house on August 8, 1985 and converted it to the Balcony House Museum, that is now operated by the Antiquities, Monuments and Museums Corporation.

Verandah House

Verandah House just north of Balcony House, was built of wood in the 1970s and has a stone cellar, dormer windows and a small porch. it has been restored and presently houses the Bahamas Institute of Financial Services.

Great House

The Great house serves as the bank's staff cafeteria, a recreational center for staff and houses the "after school" care programe

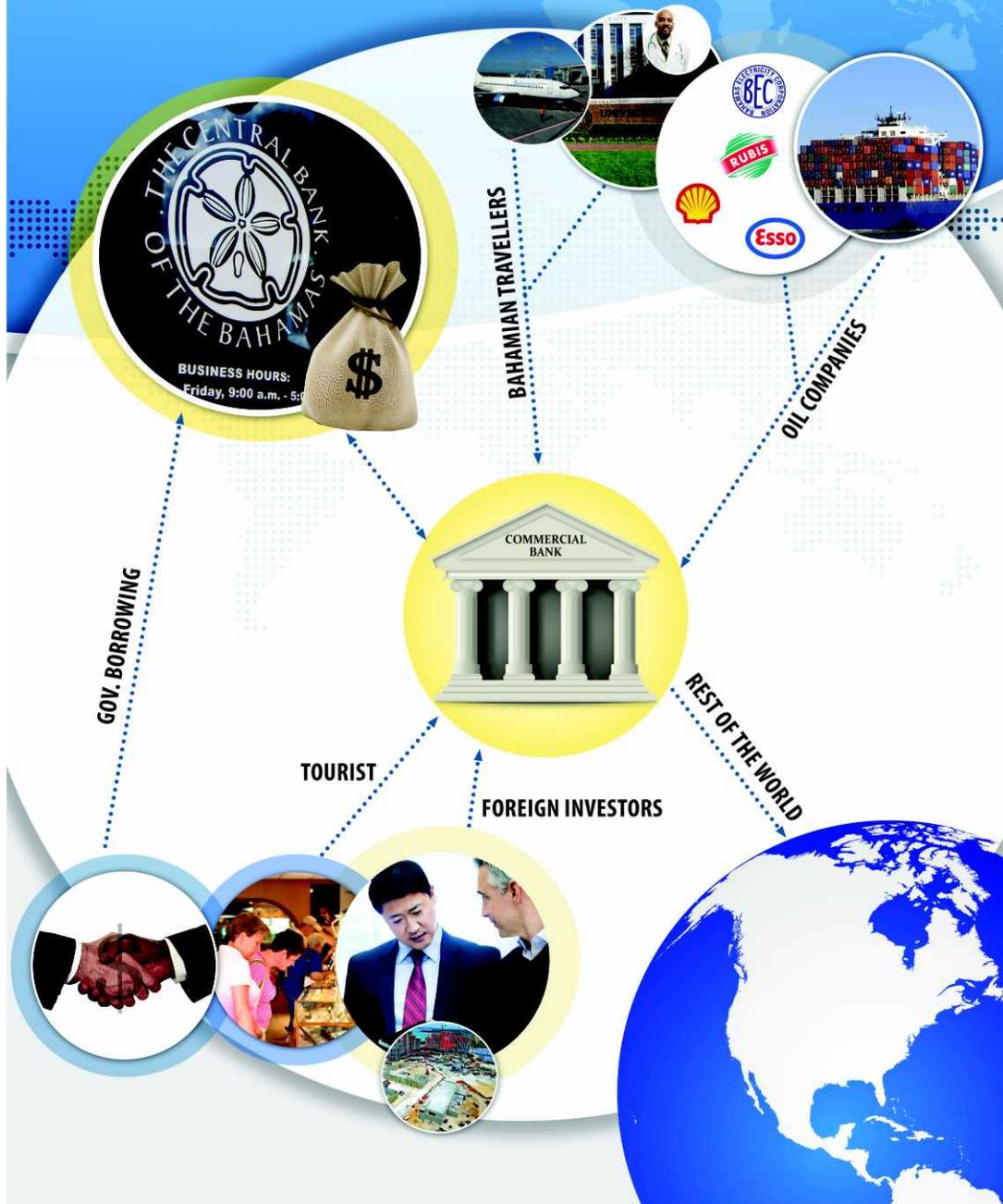
Sands Holm

Sands Holm property was originally owned by Hugh Pritchard and later by Harry Pickard Sands. The property consisted of a family home, a horse stable and an outhouse. The building was later purchased by the Central Bank, demolished, and is presently used for parking.

AN ILLUSTRATION OF SOURCES AND USES OF EXTERNAL RESERVES

What Are External Reserves?

External or foreign reserves are internationally accepted means of payments for goods and services abroad. These foreign currency-denominated assets of a country are normally held by a central bank. In The Bahamas, the Central Bank is responsible for the prudent management of the country's external reserves, which form part of its balance sheet assets and are held in the form of foreign Government Securities, deposits balances at external banks, Special Drawing Rights (SDRs), which are international currency issued by the International Monetary Fund (IMF) and the Reserve Tranche of The Bahamas—which is part of The Bahamas' quota at the IMF and must be paid in SDRs.



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WHY WE NEED FOREIGN RESERVES

For Exchange Rate Stability



**For Trade:
To acquire goods
and services from
overseas**



**Buffer against
economic
shocks**



**Confidence in
domestic
economic
policies**



WHY WE NEED FOREIGN (EXTERNAL) RESERVES

External or foreign reserves are needed to support the overall external stability objective, which is maintenance of the fixed exchange rate regime, in place since 1971. The Central Bank must also ensure that external reserves are at adequate levels to accommodate the demand for imports, as a buffer against economic shocks and to promote confidence in domestic economic policies. These outcomes influence external investors' confidence in The Bahamas' economic and monetary policies.

Domestic Banking in The Bahamas

At end-December 2013, there were 8 commercial banks and 11 trust companies providing foreign exchange services and other services within the local economy to both Bahamians and non-residents.

Commercial Banks
 Bank of The Bahamas Ltd.
 Commonwealth Bank Ltd.
 Citibank N.A.
 Fidelity Bank (Bahamas) Ltd.
 FirstCaribbean International Bank (Bahamas) Ltd.
 Finance Corporation of Bahamas
 RBC Royal Bank (Bah.) Ltd.
 Scotiabank (Bahamas) Ltd.

Deposit Insurance Corporation

The Corporation provides coverage to depositors of its twelve (12) member institutions, inclusive of the eight (8) commercial banks, by insuring Bahamian dollar deposits up to a maximum of \$50,000 per single depositor per member institution, with other restrictions applying relative to joint and trust accounts.

Total Branches of Commercial Banks

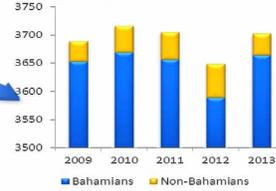


Local Banking is the main area of employment for Bahamians.



Bahamians, earned, on average, \$46.4 thousand for 2013, accounting for 27.0%.

Employment



Total operational outlays for 2013

\$407,878,000

Government fees

5.4 percent

Salaries and bonuses

\$191,998,000

Staff training expense

\$1,155,000

Banking in The Bahamas

Origin of Banks



Principle Legislation

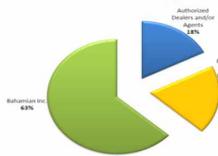
The Central Bank of The Bahamas Act, 2000

The Banks and Trust Companies Regulation Act, 2000

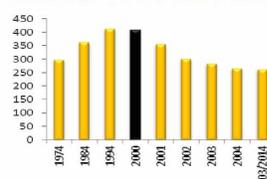
Supervisory Regime

- Onsite Inspections**
 - Full safety and soundness examinations
 - Special-focused examinations
 - Discovery Reviews
- Offsite Supervision**
 - Risk Based Assessments
 - Monitoring and surveillance via regulatory returns
 - Authorization of new licence and of change requests
 - Prudential meetings with Senior Officials

Public Banks & Trust by Classification



Number of Institutions



The financial services industry accounts for

15 percent of GDP

267 bank & trust licenses at end-December 2013

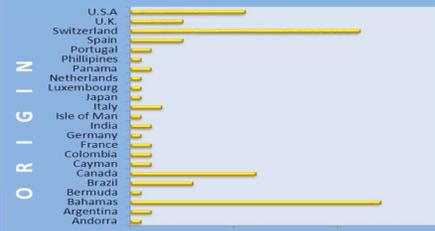
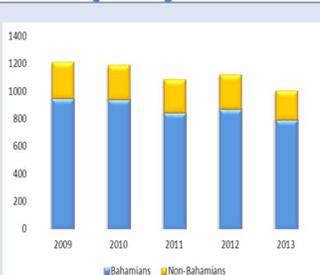
40.8% Public Banks &/or Trust Companies

59.2% Restricted, Non-active & Nominees

Offshore Banking in The Bahamas

The offshore banking sector offers a full range of services, including private banking, wealth management, asset management, and fund administration, as well as estate planning and corporate services.

Employment



248 licenses

191 Subsidiaries

33 Stand-alones

24 Foreign Branches

Total Assets 2013

\$247.4 billion

Assets Under Management

\$177.6 billion

Assets Under Custody

\$28.8 billion

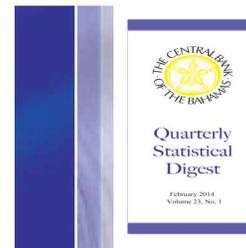
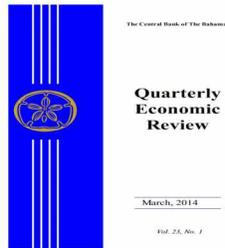
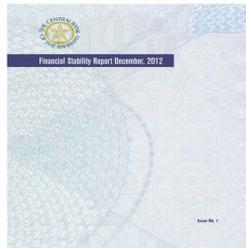
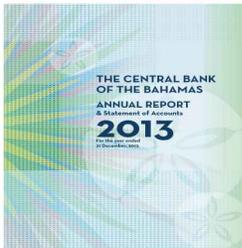
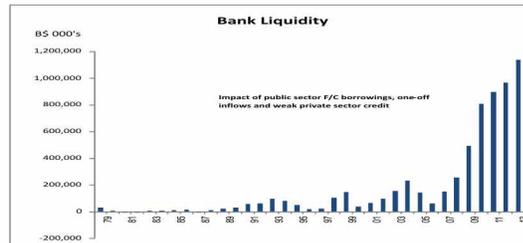
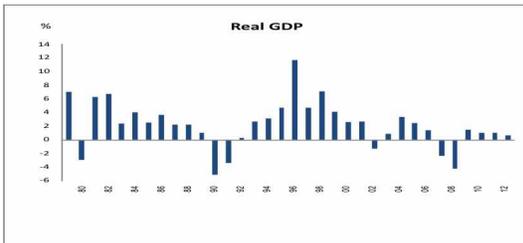
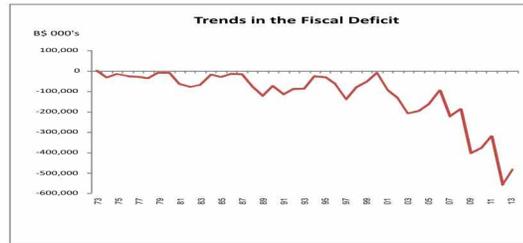
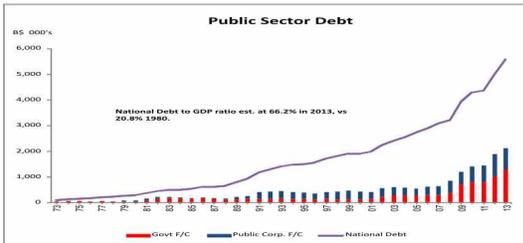
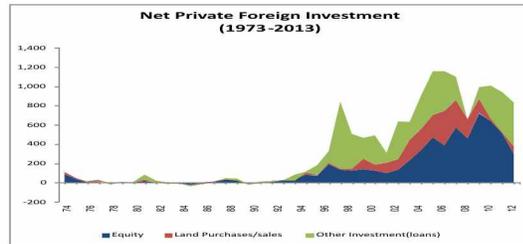
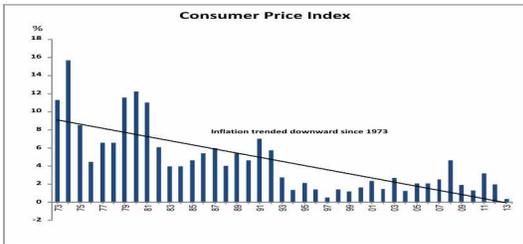
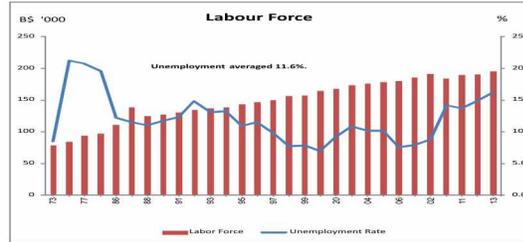
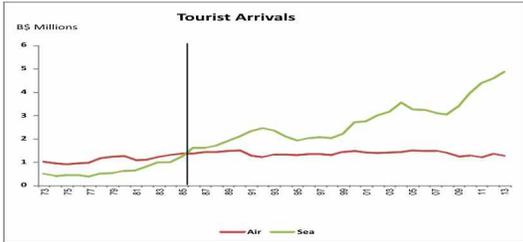
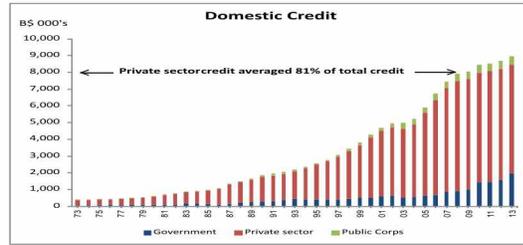
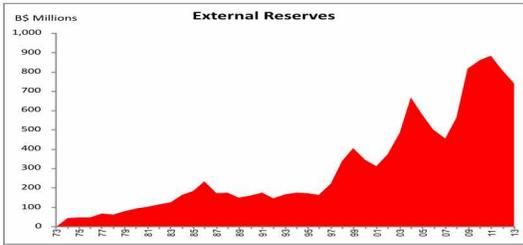
FINANCIAL INFORMATION

THE BANKING SYSTEM

During the last forty years, the number of licensees fluctuated; starting at 297 in 1974, the number surged to over 400; and, following legislative and supervisory changes pursued in response to the jurisdiction's blacklisting in 2000, has declined to 267 at end-2013. Banking operations are conducted in two separate sectors; namely:

- Domestic Sector, which comprises both the commercial banks and other local financial institutions that operate in the domestic market, dealing mainly with local or Bahamian clients.
- Offshore Sector, which comprises international banks and trust companies that deal strictly with 'non-resident' clients.

The Bahamian Economy Through Graphical Lens (1973-2013)



KEY STATISTICS

The Central Bank of The Bahamas collects, compiles, analyses and disseminates economic and financial data via the publication of its Annual Report & Statement of Accounts, Quarterly Economic Review, Quarterly Statistical Digest and Financial Stability Report. These reports can be accessed on the Central Bank's website (www.centralbankbahamas.com).

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Mr. Jean-Pierre Boisvert, Signs By Jeep

Mr. C. Anthony Storr, Jr., Vision Media Bahamas

The Central Bank of The Bahamas 40th Anniversary Committee and Sub-Committees