



# Quarterly Economic Review

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**December, 2007**

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# QUARTERLY ECONOMIC REVIEW

Volume 16, No. 4  
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## REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

### DOMESTIC ECONOMIC DEVELOPMENTS

Indications are that the economy's growth momentum remained positive, although mild, during the fourth quarter of 2007, as the improvement in tourism activity and steady contributions from consumer spending compensated for the slowdown in construction investment. However, developments occurred within an environment of persistent upward pressure on prices caused by the spike in global commodity prices. In the fiscal sector, preliminary information placed the budget deficit slightly lower in comparison to the same quarter of the previous fiscal year, based on import and stamp duty related gains in revenue which offset the rise in current expenditures. The monetary outcome featured a slowdown in credit growth and an expansion in the monetary aggregates, which contributed to an improvement in liquidity conditions and a moderation in the contraction of external reserves. These conditions also influenced a softening in the average interest rate spread on bank loans and deposits; however, there was a modest increase in loan arrears. In the external sector, the reduction in the estimated external current account deficit was primarily explained by tourism-led gains in the services account surplus, reinforced by a decline in net income outflows. With the sluggishness in foreign investment inflows, the surplus on the capital account was significantly reduced.

Partly reflecting a slowing in credit growth, net free cash reserves of the banking system rebounded by 27.7% to \$190.1 million from a 31.6% contraction in 2006, and accounted for a larger 3.6% share of Bahamian dollar deposit liabilities compared to 2.4% last year. Similarly, the broader surplus liquid assets recovered by 24.0% to \$151.9 million from a 61.5% decline, to exceed the statutory minimum by an elevated 17.7%. Given these conditions, the weighted average interest rate spread narrowed marginally by 3 basis points to 6.92%, as the 12 basis points gain in the weighted average deposit rate to 3.80%, exceeded the firming in commercial banks' weighted average loan rate by 9 basis points to 10.72%. The average Treasury bill rate for 90 day

issues rose by 20 basis points to 2.83%; whereas the benchmark Central Bank Discount Rate and commercial banks' Prime Rate were unchanged at 5.25% and 5.50%, respectively.

Overall money supply (M3) expanded by 1.7%, supported mainly by a 9.7% advance in foreign currency deposits. Buoyed by growth in demand deposits (1.6%) and currency in active circulation (4.9%), narrow money (M1) firmed by 2.1%, a turnaround from the marginal 1.0% downturn a year earlier. Slightly higher broad money (M2) growth of 1.4% was occasioned by gains in fixed balances (2.3%), which offset the contraction in savings deposits (2.1%).

The expansion in domestic credit moderated to 2.4% from 3.3% a year ago, and was primarily explained by reduced growth in claims on the public sector. Supported by the repayment of foreign currency liabilities by the Nassau Airport Development Company, credit to public corporations contracted by 5.2% (\$19.1 million), following a 7.8% (\$28.7 million) expansion in 2006. In contrast, the incremental growth in net claims on the Government was slightly higher at \$43.2 million, although at a reduced rate of 5.2%. Credit to the private sector, which rose at a moderate rate of 2.5%, still represented a slightly higher actual increment of \$151.1 million, compared to the previous year's \$148.3 million increase, and was concentrated in the Bahamian dollar component.

Based on preliminary estimates for the second quarter of FY2007/08, the deficit on Government's budgetary operations improved by \$5.3 million from a year earlier to \$48.5 million. Import and stamp duty related transactions supported revenue gains of 5.6% to \$315.9 million, which surpassed the 3.3% increase in total expenditure to \$364.4 million. Outlays included notable increases in payments for the procurement of goods and services, while both capital spending and budgetary assistance to public entities were reduced. Budgetary financing comprised two Registered Stock issues totaling \$66.5 million, a US\$20.0 million short-term credit facility and \$0.2 million in external loan drawdowns. Debt amortization payments were sharply lower by \$14.4 million at \$3.1 million, of which nearly 90% was in respect

of foreign currency obligations. As a consequent of these developments, the Direct Charge on Government rose by 3.3% to \$2,630.9 million over the previous quarter. With Government's contingent liabilities reduced by 2.0%, the National Debt advanced by \$75.1 million (2.5%) to \$3,062.4 million vis-à-vis a \$20.0 million (0.7%) contraction in 2006.

Early estimates suggest a relatively favourable tourism outturn for the quarter, based on improved hotel revenues and a turnaround in arrivals. Following last year's 8.2% downturn to 1.10 million, total visitors rebounded by 1.6% to 1.12 million, occasioned by a 13.1% increase in air arrivals which outweighed the 2.7% decline in sea traffic. By port of entry, visitors to the New Providence market—which accounted for approximately 54.2% of all passengers—expanded by 7.4%, recovering from the previous year's 18.2% reduction. However, growth in arrivals to the Family Islands slackened to 1.4% from 12.1% a year ago; and Grand Bahama's decline was appreciably extended to 21.1%.

Preliminary information from the hotel revenue survey showed revenues strengthening by 21.7% to \$82.9 million, partly reflecting the addition of more high-end rooms to the overall room inventory. The most significant improvement was noted for New Providence, where revenues surged by an estimated 27.1%, followed by a 9.3% gain for the Family Islands, which contrasted with a 12.1% weakening for the Grand Bahama market.

Indications are that output in the construction sector declined during the final quarter of 2007, as mortgage loan disbursements contracted and foreign investment activity tapered off. Data collected from banks, insurance companies and The Bahamas Mortgage Corporation revealed that the value of mortgage disbursements for the fourth quarter decreased by a combined 9.0% to \$133.7 million, with the residential and commercial components lower by 7.7% at \$122.9 million and by 21.2% at \$10.8 million, respectively. Indicative of future strengthening in the sector, commitments for new construction and repairs rose by 13.1% to 284, and the value advanced by 24.8% to \$37.1 million.

Inflation for the quarter, as measured by changes in the average Retail Price Index, firmed to 2.65% from 2.36% in the comparable period last year. Broad-based gains occurred for all of the categories, with the most

significant increases noted for furniture & household operation (6.87%), recreation & entertainment services (4.44%) and transport & communication (4.24%).

On the external side, the estimated current account deficit narrowed to \$269.2 million from \$438.2 million in the fourth quarter of 2006. The outturn benefited from a more than two-fold hike in the surplus on the services account to \$279.8 million, owing to increased travel receipts and a contraction in net outflows for insurance, government and other services. Lower outflows related to investment income reduced the deficit on the net income account by 32.5% to \$38.9 million; while net current transfer receipts advanced by 13.4% to \$11.9 million. In contrast, the merchandise trade deficit deteriorated by an estimated 8.1% to \$601.3 million, explained by a rise in the fuel import bill, which eclipsed the reduction in non-oil merchandise imports.

The capital and financial account estimated surplus was more than halved to \$207.1 million, as direct investments—both equity and real estate investments—contracted by \$140.0 million to \$146.9 million. Other investment receipts also decelerated by \$95.0 million to \$80.3 million, as domestic banks reduced their net foreign liabilities by \$46.2 million, in contrast to a net inflow of \$30.3 million in the previous year. Reduced inflows were recorded for other private sector transactions of \$27.9 million to \$117.8 million, and net inflows to the public sector increased by \$7.8 million to \$8.6 million.

## FISCAL OPERATIONS

### OVERVIEW

Preliminary data on central government's budgetary operations for the second quarter of FY2007/08 indicated a slight improvement in the deficit by \$5.3 million to \$48.5 million over the same quarter of FY2006/07, as accretions to revenue outpaced the rise in outlays. However, the deficit for the first six-months of FY2007/08 almost doubled to an estimated \$99.3 million, due mainly to increased outflows for wages and salaries, interest payments and subsidies, and coincident with contracted revenue receipts, associated with a reduction in non-allocated inflows as well as a timing-related downturn in non-tax revenue. Total collections to date

represented only 45.5% of the budget target, while expenditures attained the 48.4% mark.

### REVENUE

Tax revenue—which represented 91.8% of total receipts—rose by 12.1% (\$31.3 million) to \$290.0 million, compared to the same period of FY2006/07. Taxes on international trade and transactions expanded by 10.1% to \$169.2 million, reflecting gains in import and related stamp taxes of \$12.8 million and \$3.7 million, respectively, while export taxes declined by \$1.1 million.

million, due in part to decreased revenue from insurance premiums and undistributed trade-related taxes.

Non-tax revenue declined by 35.8% (\$14.5 million) to \$26.0 million, reversing the 88.3% gain noted in the same quarter of FY2006/07. The income component contracted significantly by 90.6% to \$1.3 million, reflecting a timing-related delay in the receipt of rental payments. In addition, revenue from public enterprises fell by \$0.5 million to \$0.1 million; receipts from fines, forfeits and administrative fees were lower by 8.7% at \$24.3 million; while sales of government property increased by \$0.2 million to \$0.3 million.

### Government Revenue By Source

(Oct - Dec)

	FY06/07		FY07/08	
	B\$M	%	B\$M	%
Property Tax	21.9	7.3	22.3	7.0
Selective Services Tax	6.0	2.0	7.4	2.3
Busines. & Prof Lic. Fees	3.7	1.2	8.5	2.7
Motor Vehicle Tax	3.8	1.3	4.2	1.3
Departure Tax	17.4	5.8	19.4	6.1
Import Duties	117.9	39.4	130.7	41.4
Stamp Tax from Imports	32.5	10.9	36.3	11.5
Export Tax	3.3	1.1	2.2	0.7
Stamp Tax from Exports	0.0	--	0.0	--
Other Stamp Tax	44.1	14.7	53.9	17.1
Other Tax Revenue	15.3	5.1	5.5	1.8
Fines, Forfeits, etc.	26.7	8.9	24.3	7.7
Sales of Govt. Property	0.1	0.0	0.3	0.1
Income	13.7	4.6	1.3	0.4
Other Non-Tax Rev.	0.0	--	0.0	--
Capital Revenue	0.0	--	0.0	--
Grants	--	--	--	--
Less:Refunds	7.2	2.4	0.4	0.1
Total	299.1	100.0	315.9	100.0

Buoyed by increased tax receipts linked to commercial bank transactions, other stamp taxes expanded by 22.4% to \$53.9 million. Business taxes firmed by \$4.8 million to \$8.5 million, as international business companies' receipts rebounded by \$1.9 million, due to increased annual subscriptions and registration fees. Selective taxes on services also grew by 24.3% to \$7.4 million, as gaming receipts more than doubled to \$2.7 million. However, other "non-allocated" taxes contracted by 64.0% to \$5.5

### EXPENDITURE

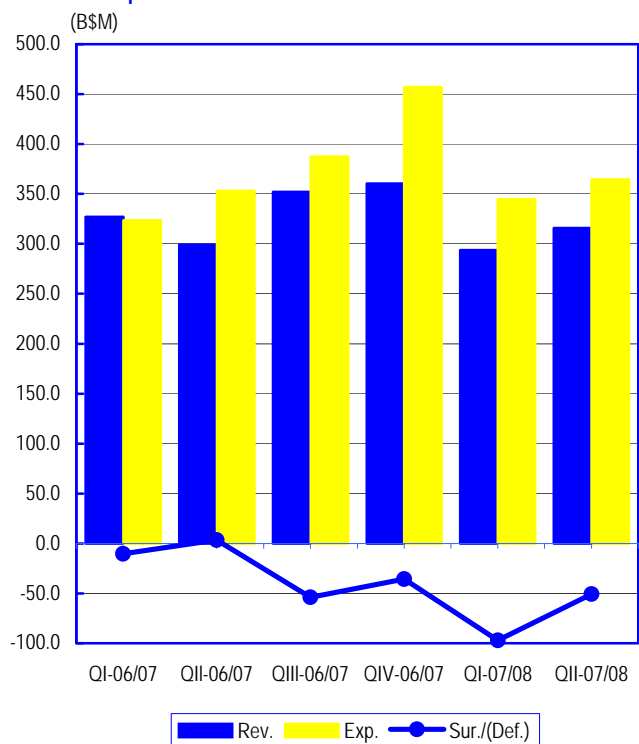
Total expenditure for the quarter firmed by 3.3% (\$11.5 million) to \$364.4 million, paced by a 6.4% advance in current spending to \$318.9 million. However, capital outlays and net lending to public corporations were reduced by 5.0% and 33.1%, to \$33.5 million and \$12.0 million, respectively.

Growth in current spending included a 14.4% hike in purchases of goods & services, reflecting timing-related payments for office rents as well as increased outlays for environmental health services to \$60.3 million, and a 3.3% gain in personal emoluments to \$136.0 million or 42% of the total. The 6.4% expansion in transfer payments to \$122.6 million, was mainly on account of a 9.6% hike in subsidies and other transfers to \$86.4 million, as interest payments were relatively stable at \$36.2 million. Among the main components of the former, subsidies firmed by 22.7% to \$47.8 million, buoyed by an estimated \$9.0 million in increased allocations to health and tertiary level institutions. Other transfers to households and non-financial public enterprises decreased by 5.8% and 17.3%, respectively; while timing-related factors resulted in transfers to external tertiary institutions rising by \$3.1 million to \$3.4 million.

By functional classification, strengthened gains were registered for social benefits and services (42.8% to \$23.7 million), defense (18.0% to \$10.3 million), health (18.5% to \$59.7 million) and general public services (11.1% to \$90.1 million), while housing expenditure was stable at \$0.8 million. In contrast, outlays for economic services decreased by 18.3% to \$30.7 million, owing to a 60.8% reduction in payments for transportation services

to \$3.9 million. Payments for other community & social services fell by 20.9% to \$2.9 million.

### Fiscal Operations



Capital outlays, which represented 9.2% of total expenditure, were reduced by 5.0% to \$33.5 million. Spending for general public services advanced by 50.4% to \$7.8 million, but was outpaced by declines in outlays for education (20.4%), health (23.9%), economic services (10.2%), and public works & water supply services (9.8%).

### FINANCING AND NATIONAL DEBT

Budgetary financing for the second quarter of FY2007/08 was obtained through the issuance of \$66.5 million in Registered Stocks and a \$20.0 million domestic foreign currency credit facility. Debt repayments were significantly lower at \$3.1 million, compared to \$17.5 million a year earlier.

As a consequence of these developments, the Direct Charge on Government increased by \$83.6 million (3.3%) to \$2,630.9 million at end-December, outpacing the \$15.0 million (0.6%) contraction recorded in the same period of

2006. On a disaggregated basis, Bahamian dollar denominated debt, at 89.0% of the total, was held mainly by private and institutional investors (31.5%), followed closely by public corporations (31.2%), commercial banks (22.3%), the Central Bank (14.9%) and Other Local Financial Institutions (0.1%). During the quarter, Government's contingent liabilities declined by 2.0% to \$431.5 million, bringing the National Debt to \$3,062.4 million—for a gain of \$74.7 million (2.5%), in contrast to last year's decline of \$21.7 million (0.7%).

### PUBLIC SECTOR FOREIGN CURRENCY DEBT

Public sector foreign currency debt rose by 4.7% to \$638.9 million over the review quarter, as new drawings of \$107.2 million exceeded amortization payments of \$78.8 million. Public corporations were responsible for \$348.3 million (54.5%) of the outstanding debt, and Government the remaining \$290.5 million (45.5%).

By creditor profile, the bulk of the outstanding foreign currency obligations was held by commercial banks (50.7%), followed by private capital markets (31.3%) and multilateral institutions (16.5%). The balance was shared between bilateral and other creditors. In terms of currency, approximately 97.9% of the debt was denominated in US dollars.

Inclusive of the refinancing operations of the Nassau Airport Development Company, foreign currency debt servicing increased more than five-fold to \$95.3 million, as public corporations' amortization payments firmed by \$70.0 million to \$84.7 million. In contrast, Government's debt repayments moderated by \$0.8 million to \$10.6 million. Debt service as a percentage of exports of goods and non-factor services, rose significantly by 8 percentage points to 11.8%; while the ratio of Government's foreign currency debt service to total revenue decreased by 0.5 percentage points to 3.3%.

## REAL SECTOR

### TOURISM

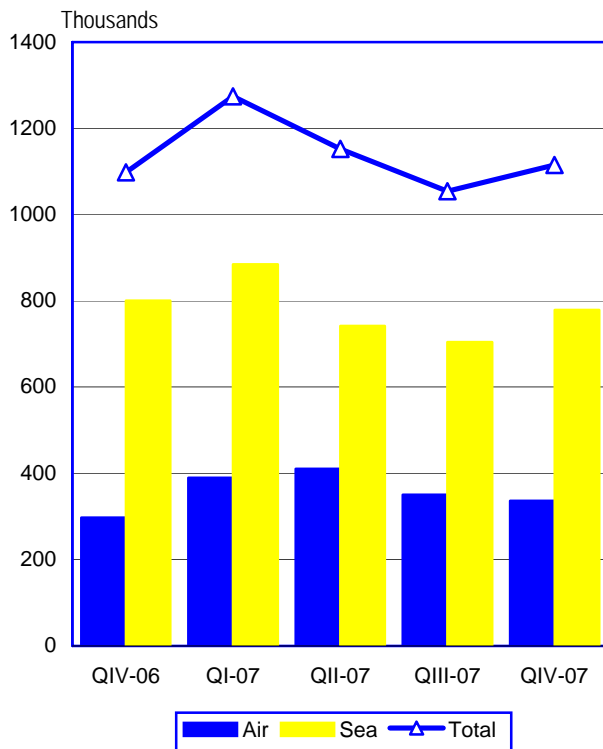
Preliminary data suggests a notable improvement in tourism output during the fourth quarter of 2007 compared to the same period of the previous year, un-



derpinned by robust growth in hotel revenues, and a recovery in visitor arrivals.

Buoyed mainly by increased arrivals at the start of the holiday season, total visitors rebounded by 1.6% to 1.12 million, from the 8.2% decline in the comparable period of 2006. The improvement was solely in the higher value-added air segment, which accounted for 30.2% of the total, and advanced by 13.1% to 0.34 million, in contrast to last year's 9.6% fall. Following a 7.7% contraction a year ago, sea passengers contracted by a further 2.7% to 0.78 million.

### Visitor Arrivals



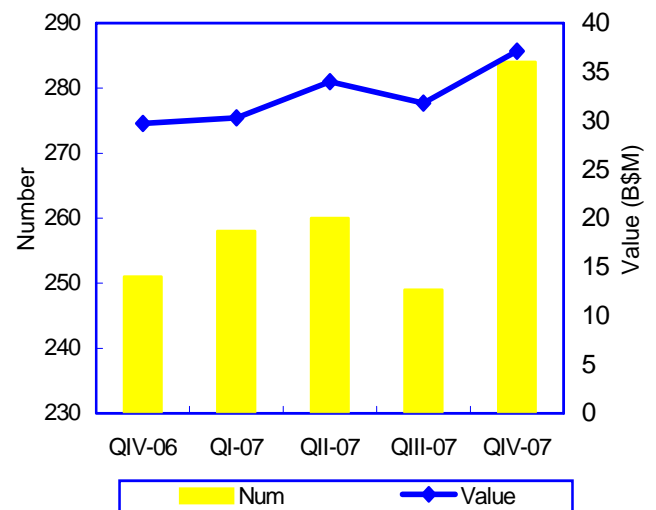
By first port of entry, visitors to New Providence recovered by 7.4% from last years' 18.2% reduction, as strengthening in air arrivals offset a downturn in sea visitors. Growth in travelers to the Family Islands slackened to 1.4% from 12.1% a year earlier, reflecting weakened growth in both air and sea arrivals. Moreover, visitors to the Grand Bahama market fell by 21.1% versus a 3.0% decrease in 2006, due to significant declines in the air and sea components.

Based on the hotel expenditure survey, total room revenues, increased by 21.7% during the quarter to an estimated \$82.9 million (benefitting from the addition of hotel rooms to the high-end segment of the market). Average daily rates were higher by 20.6% at \$182.4; however, hotel occupancy rates fell marginally by 0.3 percentage points to an average 56.0%. Improvements were noted in Nassau and the Family Islands, where revenues firmed by 27.1% and 9.3% to \$72.5 million and \$3.3 million; respectively, as higher average daily rates compensated for slight declines in occupancy levels. However, softening in average rates for Grand Bahama caused hotel receipts to contract by 12.1% to \$7.1 million.

### CONSTRUCTION

Indications are that construction output moderated during the review period, as both domestic and foreign-investment led activity contracted.

### Mortgage Commitments: New Construction and Repairs



As evidence of the general weakness in domestically funded activity, total loan disbursements fell by 9.0% (\$13.2 million) to \$133.7 million. For the residential segment, disbursements for new construction and repairs decreased by 17.3% and 6.9%, to \$73.7 million and \$2.7 million, respectively. Similarly, commercial disbursements for new construction were reduced by



more than 50% to \$4.0 million, while no disbursements for repairs occurred vis-à-vis \$0.2 million a year earlier.

The number of mortgage commitments—an indicator of future construction activity—for new construction and repairs to single family dwellings increased by 13.1% to 284 vis-à-vis the corresponding period in 2006. The commercial component firmed more than three-fold to 45 valued at \$5.5 million, with a marginal 0.4% hike in the residential component to 239 at \$31.6 million.

Borrowing costs for residential and commercial mortgages were stable at 8.4% and 9.0%, respectively, in comparison with the same period a year earlier.

### PRICES

Higher prices for fuel and food products elevated consumer price inflation during the review period (as measured by the average Retail Price Index) to 2.65% from 2.36% a year earlier. The largest gain was registered in furniture & household operations (6.9%), followed by recreation & entertainment services (4.4%), transport & communication (4.2%), medical care & health (3.9%), food beverages (3.4%), education (3.0%), and clothing & footwear (1.4%). Marginal increases were evident for housing and other goods & services.

A similar pattern was noted for the 12-month period, as broad-based advances in all of the categories led to retail prices advancing by 2.5%, up from 1.8% in 2006. Annual average increases ranged from a high of 5.3% for furniture & household operation costs, followed by descending gains of between 3.8% to 2.3% for recreation & entertainment services, transport & communication, food & beverages, medical care & health, other goods & services, and education. Increases of less than 1.0% were noted for clothing & footwear and housing.

In line with the upward trend in the price of oil on the international market, the average cost of gasoline and diesel in New Providence firmed by 1.4% and 13.0%, to \$4.50 per gallon and \$4.00 per gallon, respectively, during the review quarter.

## MONEY, CREDIT AND INTEREST RATES

### OVERVIEW

Moderated credit growth, combined with gains in the monetary aggregates, supported an improvement in liquidity during the fourth quarter, and a corresponding narrowing in the weighted average interest rate spread. In this context, banks reduced their net foreign liabilities, and the decline in external reserves was lessened.

Information on banks' earnings for the third quarter of 2007, the latest available period, revealed continued strengthening in profitability, as gains in revenue outstripped accretions to costs. However, asset quality indicators highlighted some deterioration in credit conditions, due mainly to increased mortgage arrears.

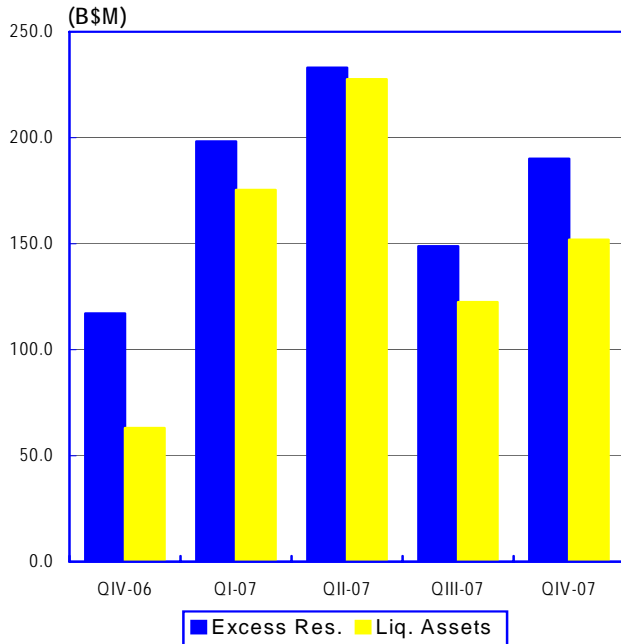
### LIQUIDITY

Net free cash reserves of the banking system expanded by \$41.3 million (27.7%) to \$190.1 million, in contrast to the previous year's \$54.1 million (31.6%) contraction to \$117.2 million. As a result, banks' free cash balances represented an increased 3.6% of Bahamian dollar deposits, up from 2.4% in the comparative period last year. The broader surplus liquid assets advanced by \$29.4 million (24.0%) to \$151.9 million, reversing the 61.5% decline which occurred in 2006 when commercial banks reduced their holdings of Treasury bills. Likewise, balances exceeded the statutory minimum

Average Retail Price Index					
(Annual % Changes)					
Dec					
Items	Weight	2006		2007	
		Index	%	Index	%
Food & Beverages	138.3	127.9	4.3	132.2	3.4
Clothing & Footwear	58.9	106.9	0.9	108.3	1.4
Housing	328.2	108.7	1.3	109.2	0.5
Furn. & Household	88.7	124.1	1.7	132.6	6.9
Med. Care & Health	44.1	139.5	3.0	144.9	3.9
Trans. & Comm.	148.4	109.5	0.2	114.1	4.2
Rec., Enter. & Svcs.	48.7	123.2	2.7	128.6	4.4
Education	53.1	171.7	0.5	176.9	3.0
Other Goods & Svcs.	91.6	136.1	8.2	137.2	0.8
ALL ITEMS	1000	120.6	2.4	123.8	2.6

by an elevated 17.7% vis-à-vis 7.9% at end-December 2006.

### Liquidity



### DEPOSITS AND MONEY

Growth in the overall money supply (M3) advanced to 1.7% from 1.3% in 2006. Led by a 4.9% increase in currency in active circulation, narrow money (M1) rebounded by 2.1% from the previous year's 1.0% contraction. Demand deposits also firmed by 1.6%, as accretions to private sector deposits outpaced declines in public sector balances.

Broad money (M2) expansion, at a slightly higher 1.4%, included sustained growth in fixed deposits of 2.3%, which was supported by relatively higher interest rates, and a 2.1% contraction in savings deposits. Reflecting a build-up in business balances, residents' foreign currency deposits strengthened by 9.7%, for a gain of 5.8 percentage points. As a result, overall money (M3) increased by \$94.5 million (1.7%) to an end-December stock of \$5,637.2 million, exceeding the year-earlier advance of \$66.5 million (1.3%).

Bahamian dollar fixed deposits comprised the major share of the money stock (55.8%), followed by demand (19.1%) and savings deposits (17.6%). Smaller shares

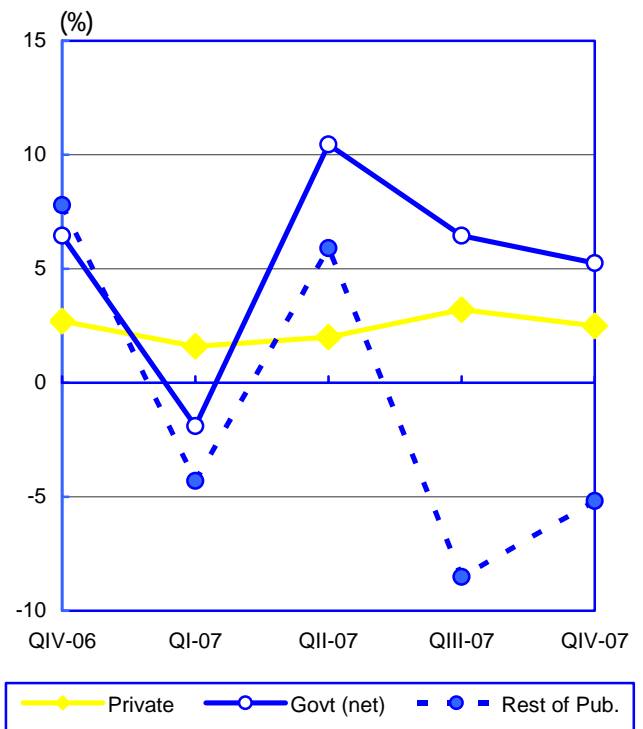
accounted were for by currency in active circulation (4.0%) and residents' foreign currency deposits (3.5%).

### DOMESTIC CREDIT

The expansion in domestic credit moderated to \$175.2 million (2.4%) from \$217.9 million (3.3%) a year earlier, reflecting reduced growth in both private and public sector credit. Accretions to the more dominant Bahamian dollar component were relatively stable at 3.0% (\$194.0 million), while net repayments by public entities resulted in a reduction in foreign currency credit by 2.5% (\$18.8 million), in contrast to growth of 5.4% (\$41.6 million) in the comparable period of 2006.

Accretions to net credit to the public sector slackened to \$24.1 million (2.0%) from \$69.6 million (6.9%) in the same period of 2006, primarily explained by the repayment of foreign currency loans by the Nassau Airport Development Company which resulted in a contraction in banking sector claims on the public corporations by 5.2% (\$19.1 million), in contrast to the year-earlier expansion of 7.8% (\$28.7 million). The increase in net credit to Government was also lower at 5.2% (\$43.2 million) compared to 6.4% (\$40.9 million) a year ago.

### Changes in Credit



The quarterly accretion to private sector credit, at \$151.1 million (2.5%), was relatively maintained vis-à-vis last year's \$148.3 million (2.7%) in 2006. Growth in Bahamian dollar claims advanced to \$166.3 million from \$151.7 million, while the net repayment on the foreign currency portion rose sharply by \$15.2 million (3.0%) compared to \$3.3 million (0.7%) in 2006.

In terms of the major components of private sector credit, personal loans—which comprised 74.6% of the total—rose by \$155.2 million (3.5%), slightly lower than 2006's \$159.5 million (4.1%) gain. Consumer credit expanded at a less vigorous \$47.7 million (2.3%) relative to \$74.9 million (4.1%), with more stable growth for residential mortgages of \$69.2 million (3.1%)—although below last year's \$74.3 million (3.8%). Personal overdraft balances were reduced by \$7.0 million (8.0%), following an upturn of \$5.0 million (6.9%) in 2006.

private cars (\$6.7 million), land purchases (\$5.3 million), furnishings & domestic appliances (\$1.3 million), home improvements (\$1.0 million), travel (\$0.6 million) and medical (\$0.3 million), contrasted with net repayments for education (\$3.4 million), debt consolidated (\$0.6 million) and taxis & rented cars (\$0.2 million).

Among the remaining private sector credit categories, net growth in bank lending was noted for miscellaneous purposes (\$15.0 million), construction (\$4.0 million), agriculture (\$1.0 million) and private financial institutions (\$0.9 million). Categories recording net repayments included tourism (\$12.3 million), distribution (\$5.9 million), fisheries (\$4.7 million), entertainment & catering (\$2.3 million), transport (\$2.3 million), mining & quarrying (\$1.2 million), professional & other services (\$1.0 million) and manufacturing (\$0.1 million).

#### THE CENTRAL BANK

The Central Bank's net claims on Government expanded by \$53.6 million (19.2%) to \$332.3 million, up from \$0.2 million (0.1%) a year ago, and reflected increased holdings of Government bonds and Treasury bills. On the contrary, net deposit liabilities to the rest of the public sector contracted by 69.3% (\$6.6 million) at end-December, as surplus balances were invested in long-term Government debt.

Reflecting the receipt of proceeds from Government's US\$20.0 million short-term credit facility and a slowdown in domestic credit growth, the contraction in external reserves was curtailed to \$10.5 million (2.3%) from \$43.0 million (7.9%) in 2006. At end-December, external reserves stood \$45.6 million lower from the previous year at \$454.2 million.

In foreign currency transactions, the more than three-fold reduction in Central Bank's net sale to \$15.01 million, was explained by the combined effects of an 8.9% hike in foreign currency purchases to \$163.3million, and a 9.9% reduction in total sales to \$178.4 million. Underlying this improved position, a net of \$28.4 million was purchased from commercial banks, in contrast to a net sale of \$46.8 million in 2006; and foreign currency borrowings boosted the net purchase from Government more than fourfold to \$42.6 million. In contrast, increased public corporation payments, mainly for fuel, elevated the net sale to other

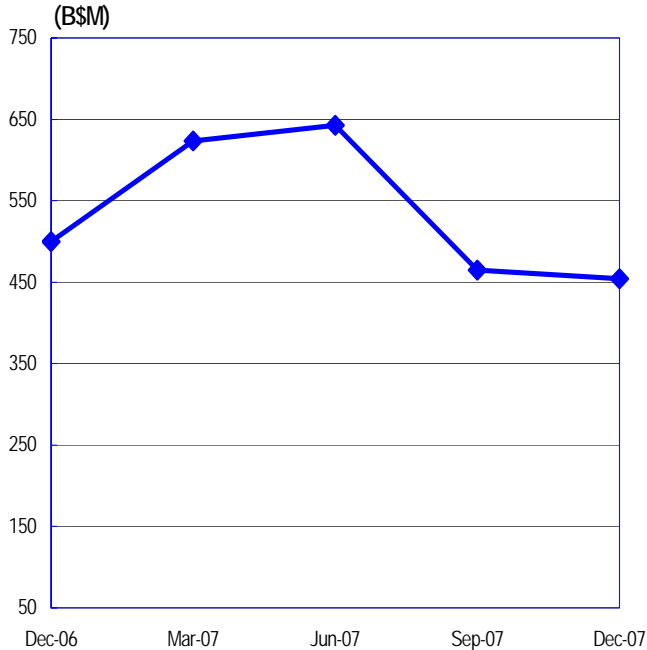
**Distribution of Bank Credit By Sector**  
End-December

	2006		2007	
	B\$M	%	B\$M	%
Agriculture	11.3	0.2	11.2	0.2
Fisheries	13.3	0.2	10.7	0.2
Mining & Quarry	11.2	0.2	7.1	0.1
Manufacturing	51.7	0.9	52.5	0.8
Distribution	217.0	3.6	195.4	3.0
Tourism	253.7	4.2	244.8	3.7
Enter. & Catering	59.3	1.0	47.0	0.7
Transport	22.9	0.4	24.8	0.4
Public Corps.	268.1	4.4	243.9	3.7
Construction	412.3	6.8	460.2	7.0
Government	156.3	2.6	120.3	1.8
Private Financial	27.8	0.5	27.2	0.4
Prof. & Other Ser.	156.4	2.6	149.6	2.3
Personal	4,078.0	67.2	4,618.0	70.5
Miscellaneous	332.3	5.5	340.2	5.2
<b>TOTAL</b>	<b>6,071.3</b>	<b>100.0</b>	<b>6,553.0</b>	<b>100.0</b>

Broad-based expansions were registered across the various categories of consumer credit, led by double-digit hikes for other "miscellaneous" credit (\$22.9 million) and credit cards (\$13.9 million)—which accounted for a combined 77% of the overall gain. Increased claims for

customers to \$86.0 million from \$11.0 million in the corresponding 2006 quarter.

### External Reserves



The end-December stock of external reserves was equivalent to an estimated 11.4 weeks of non-oil merchandise imports, compared to 14.0 weeks in the previous year. When adjusted for the statutory required 50% of the Bank's Bahamian dollar liabilities, which has to be supported by the external balances, "useable" reserves stood at \$104.5 million, almost 50% below the \$201.5 million registered last year.

### DOMESTIC BANKS

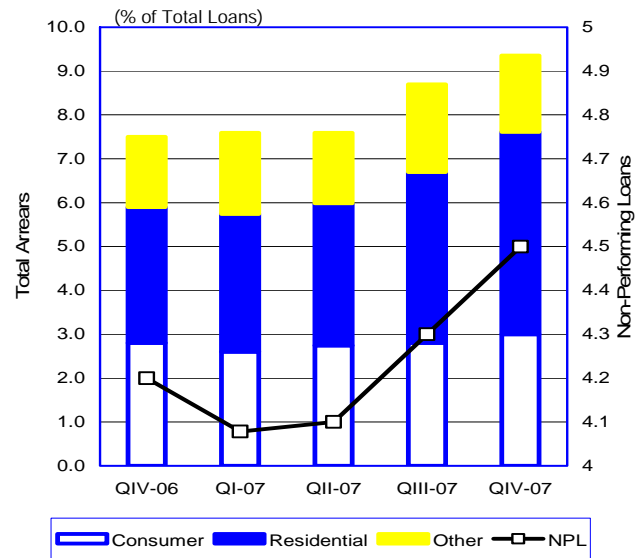
Domestic banks' deposit liabilities to the private sector rose by \$86.8 million (1.8%) in the review quarter, although trailing the \$151.1 million (2.5%) advance in credit. As decreases in short-term advances outpaced the fall in deposits, banks' net claims on the Government were reduced by \$10.4 million (1.9%); while net liabilities to the rest of the public sector firmed by \$18.7 million (5.2%), based on a contraction in foreign currency credit. The seasonal increase in notes and coins in circulation boosted net claims on the Central Bank by \$38.2 million (9.3%). Banks' accumulation of capital and surplus resources, associated with profits and retained earnings,

grew by \$53.2 million, while their net foreign liabilities declined by \$46.1 million (6.5%).

Domestic banks aggregate deposit liabilities, including Government's balances, totaled \$5,508.2 million, with the majority (96.3%) denominated in Bahamian dollars. In terms of the major depositors, private individuals accounted for the highest share (58.6%), followed by business firms (24.2%), the public sector (9.7%), other depositors (4.5%) and private financial institutions (3.0%). By category, the largest proportion was held in fixed deposit accounts (60.2%), followed by demand (21.1%) and savings (18.7%) balances.

A breakdown of Bahamian dollar deposits by range of value and number of accounts indicated that balances up to \$10,000 comprised only 7.7% of the total value, but a dominant 90.3% of the contracts. Deposits with balances between \$10,000 and \$50,000 represented 12.9% of aggregate value and 6.7% of total accounts. In contrast, balances exceeding \$50,000 constituted 79.4% of the total value and comprised 3.0% of the accounts.

### Loan Arrears & Non-Performing Balances



Adjusted for goodwill, banks' Bahamian dollar capital and surplus position expanded at a quarterly pace of 6.5% to \$1,507.4 million, relative to 4.7% in 2006. Profits and retained earnings represented an elevated 56.8% of capital and surplus resources, compared to 50.7% a year earlier, as general and specific reserves against loan losses narrowed to 8.7% from 10.4% of the total a year

earlier. Total reserves and provisions, as a percentage of the private sector's loan portfolio, narrowed to 2.3% at end-December from 2.7% in 2006.

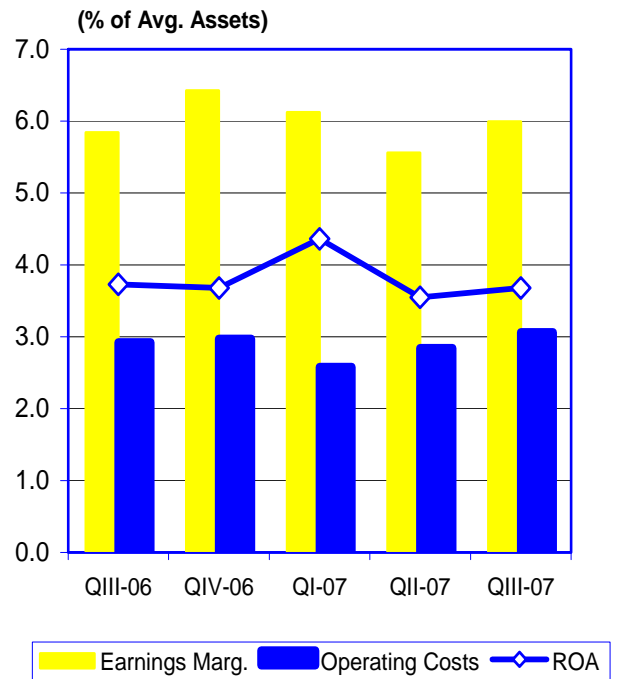
Asset quality indicators for the fourth quarter of 2007 highlighted some deterioration in credit conditions. The total arrears rate for loans with payments of 30 days or more past due firmed, on a quarterly and annual basis, by 0.7 and 1.8 percentage points to 9.4% of all outstanding private balances. In terms of the major components, the arrears rate on mortgages strengthened progressively to 10.4% of outstanding loans, from 8.9% at end-September and 7.2% for the same quarter a year earlier. Commercial loan delinquency rates, however, moderated by 1.3 percentage points to 9.2%, although exceeding the 8.1% recorded a year earlier. The arrears rate for consumer loans deteriorated by 0.5 percentage points on a quarterly basis and by 0.3 percentage points on an annual basis, to 8.3% of outstanding private balances.

Non-performing loans—those in arrears for over 90 days—firmed slightly to 4.5% of outstanding bank claims from 4.3% at end-September and 4.2% at end-December, 2006. As a result, banks increased their loan loss provisions by \$5.1 million to \$120.6 million or 2.2% of total loans—up from 2.1% in the previous quarter, although below the 2.3% recorded at end-December 2006. In line with the hike in non-performing loans, the ratio of provisions to total non-performing loans decreased to 48.0% from 48.7% in the previous quarter and 54.7% a year-earlier.

#### **BANK PROFITABILITY**

During the third quarter of 2007, the latest period for which data are available, banks' net income grew by an estimated \$5.6 million (7.8%) to \$76.7 million relative to the same period in 2006. This development partly reflected an 8.8% rise in the interest margin to \$114.0 million, as higher loan interest rates and increased credit levels supported a 15.2% advance in interest income. With commission and foreign exchange income strengthening by 64.5% to \$10.9 million, the gross earnings margin firmed by 12.1% to \$124.9 million.

### **Domestic Banks' Profitability**



However, the net earnings margin expanded by a reduced 9.6% to \$61.1 million, as total operating costs rose by 14.6% to \$63.8 million, inclusive of a firming in staff (2.0%) and other operating expenses (56.7%). In addition, earnings from other sources, net of depreciation and bad debt expenses, grew by 1.4% to \$15.6 million.

An analysis of the profitability ratios relative to the average level of domestic assets showed the net interest margin ratio narrowing by 2 basis points over the corresponding period a year earlier to 5.47%. In contrast, the ratio for commission and foreign exchange income, as well as for the gross earnings margin, firmed by 17 and 15 basis points, to 0.52% and 5.99%, respectively. The operating cost ratio also rose by 14 basis points to 3.06%. After netting out depreciation and bad debt expenses, the corresponding ratio for other net sources of income receded by 6 basis points to 0.75%. Within this context, the net income ratio (return on assets) softened by 5 basis points to 3.68%.



## INTEREST RATES

Commercial banks' average interest rate spread on loans and deposits narrowed by 3 basis points to 6.92 percentage points over the previous three-month period, as the accretion to the weighted average deposit rate, of 12 basis points to 3.80%, surpassed the 9 basis points gain in the weighted average loan rate to 10.72%.

On the deposit side, the average savings rate widened by 24 basis points to 2.24%, while more competitive conditions led to the interest rate on fixed maturities fluctuating within a higher band of 3.58% - 4.71% vis-à-vis 3.52% - 4.48% in the previous quarter. Conversely, the average rate offered on demand deposits fell by 94 basis points to 1.41%.

Banking Sector Interest Rates			
Period Average (%)			
	Qtr. IV 2006	Qtr. III 2007	Qtr. IV 2007
<b>Deposit rates</b>			
Demand Deposits	2.16	2.35	1.41
Savings Deposits	2.14	2.00	2.24
Fixed Deposits			
Up to 3 months	3.25	3.52	3.58
Up to 6 months	3.83	3.85	3.98
Up to 12 months	4.10	4.12	4.47
Over 12 months	4.32	4.48	4.71
<b>Weighted Avg Deposit Rate</b>	<b>3.49</b>	<b>3.68</b>	<b>3.80</b>
<b>Lending rates</b>			
Residential mortgages	7.78	8.28	8.29
Commercial mortgages	8.65	8.93	9.23
Consumer loans	11.75	12.76	13.05
Other Local Loans	7.64	8.06	7.97
Overdrafts	10.23	11.04	10.87
<b>Weighted Avg Loan Rate</b>	<b>9.79</b>	<b>10.63</b>	<b>10.72</b>

With regard to lending, the average residential mortgage rate firmed marginally by 1 basis point to 8.29%, while commercial mortgage and consumer loan rates posted gains of nearly 30 basis points each, to 9.23% and 13.05%, respectively. In contrast, the average rate on "other" local loans, and the overdraft rate moved lower by 9 basis points to 7.97% and by 17 basis points to 10.87%, respectively.

The average 90-day Treasury bill rate advanced to 2.83% from 2.63% in 2006. Meanwhile, the key interest rates—the Central Bank's Discount Rate and Commercial Banks' Prime—were unchanged at 5.25% and 5.50%, respectively.

## CAPITAL MARKETS DEVELOPMENTS

During the review quarter, the Bahamas International Securities Exchange (BISX) All Share Price Index rose by 8.2% to 2,066.75 points, extending the third quarter's 5.2% gain. However, activity moderated when compared to the previous period, as the total volume and value of shares traded declined by 19.3% to 0.8 million and 36.7% to \$5.7 million, respectively. With average share prices relatively unchanged, market capitalization on BISX stabilized at \$3.9 billion.

The Fidelity Capital Market Limited's broader Findex weighted share price index, which included equities traded over-the-counter, appreciated by 9.8% to close the year at 938.30 points. On the fixed income side, there were two new Bahamas Government Registered Stock issues aggregating \$66.5 million.

## INTERNATIONAL TRADE AND PAYMENTS

The current account deficit narrowed by an estimated \$168.9 million to \$269.2 million in the fourth quarter of 2007, as gains in tourism, combined with lower foreign investment outward payments supported an expansion in the services account surplus, which outpaced the deterioration in the estimated merchandise trade deficit. In contrast, a significant slowdown in direct and other "miscellaneous" investment inflows, led to a sharp contraction in the surplus on the capital and financial account.

The merchandise account deficit widened during the quarter by an estimated \$45.3 million (8.1%) to \$601.3 million, reinforced by a \$35.1 million (5.2%) increase in the import bill, which negated the \$19.8 million (11.6%) improvement in export receipts. Buoyed by higher international crude oil prices and an increase in import quantities, the fuel import bill expanded by \$92.5 million (67.9%) to \$228.8 million. All categories of fuel product

imports registered gains; propane gas rose by 44.6% to \$77.63; motor gas, by 14.1% to \$89.83; jet fuel, by 38.6% to \$109.97; bunker 'C' fuel by three-fold, to \$68.26; and gas oil prices, by 39.8% to \$101.52. In contrast, non-oil merchandise imports fell by an estimated \$47.3 million (11.3%).

The surplus on the services account more than doubled to \$279.8 million vis-à-vis the \$156.7 million (56.7%) decline to \$115.7 million in 2006. The outturn was attributed primarily to a \$58.6 million (17.7%) improvement in estimated net travel receipts to \$389.3 million. In line with the moderation in foreign investment-related construction activity, net outflows for construction services fell by \$39.1 million (59.2%) to \$27.0 million; while other "miscellaneous" service outflows contracted by \$33.0 million (40.6%) to \$48.4 million. Other positive contributions to the overall service account expansion were associated with reduced net outflows for Government by \$28.9 million, and insurance by \$8.8 million services.

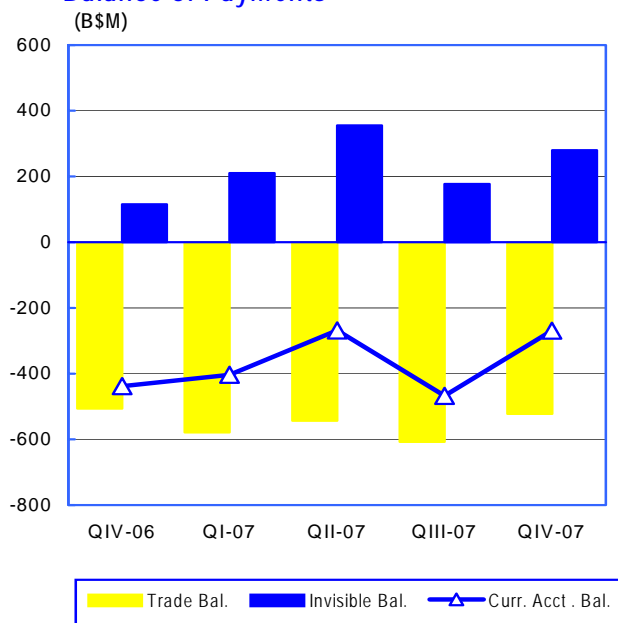
million reduction in net investment income outflows to \$14.6 million. Among the main categories, other private factor payments fell by \$26.1 million to \$11.7 million, as commercial bank transactions reversed to a net receipt of \$23.6 million, from a net remittance of \$8.7 million a year earlier. However, net outflows by other non-bank entities rose by \$6.2 million to \$35.3 million. Occasioned by a decrease in Government's net interest payments by \$0.8 million to \$7.8 million, net outflows from official transactions moderated by an equivalent amount to \$2.9 million. In contrast, net labour income remittances broadened by \$8.1 million to \$24.4 million.

Net current transfers expanded modestly by \$1.4 million to \$11.9 million, which included an increase in inflows to the Government of \$3.2 million to \$14.7 million, to offset the \$1.8 million rise in outflows for workers' remittances.

The surplus on the capital and financial account receded by \$241.3 million to \$207.1 million. This outturn was led by an almost 50% contraction in direct investment inflows to \$146.9 million, owing to reductions in equity investments and real-estate purchases, by \$122.6 million and \$17.4 million, respectively. Other "miscellaneous" inflows declined by \$95.0 million to \$80.3 million, as domestic banks reduced their foreign liabilities by \$46.2 million compared to a net inflow of \$30.3 million a year earlier. In addition, net inflows to other private sector entities fell by \$27.9 million to \$117.8 million, while net public sector inflows increased by \$7.8 million to \$8.6 million. As domestic entities utilized funds to invest in foreign equities, portfolio investment outflows advanced to \$4.1 million from a negligible inflow last year. Similarly, capital account outflows rose by \$2.3 million to \$16.0 million, buoyed by higher net migrant transfer outflows.

As a result of these developments and after adjusting for possible errors and omissions, the overall balance—which corresponds to the change in the Central Bank's reserves—contracted to a reduced \$10.9 million vis-à-vis \$32.0 million a year earlier.

### Balance of Payments



The deficit on the income account contracted by \$18.8 million (32.5%) to \$38.9 million, due to a \$26.9



## INTERNATIONAL ECONOMIC DEVELOPMENTS

Economic growth slowed in most major economies during the fourth quarter of 2007, as the United States housing crisis deepened and widened to include other key sectors of the economy. Nonetheless, the Asian economies of Japan and China were able to maintain their growth momentum, powered by robust expansions in exports. With the exception of the United States, unemployment conditions improved in all major economies, while higher oil prices contributed to accelerated inflation rates and deteriorations in several countries' trade balances. Faced with severe tightening in the global credit market, five central banks acted collectively to inject more than \$100 billion in liquidity into their financial markets. Amid heightened uncertainty in the world economy, global equity indexes fell, and the United States dollar slumped to a ten-year low against several major currencies.

Impeded by deteriorating financial market conditions and an intensified housing market correction, the annual growth rate of real GDP in the United States decelerated to 0.6% in the fourth quarter, down from 2.1% a year earlier and 4.9% in the previous three-month period. The outturn reflected a decline in inventory investment and moderated growth in net exports, personal consumption expenditure and federal government spending. Preliminary estimates indicated that real output growth for the United Kingdom stood lower at 0.6%, relative to 0.7% last quarter, based on weakening in retail sales, computing and financial intermediation. Decreased production in the industrial, service and retail sales sectors led the downturn in economic activity in the euro area, from an annualized rise in GDP of 3.2% last year to 2.3% in the current period. Robust export growth and strengthened foreign direct investment activity, reinforced the improvement in real GDP growth in China, to an annualized 11.4%, up 0.4 percentage points from the previous year's expansion. Annualized real GDP in Japan advanced to 3.7% from 1.3% in the third quarter, occasioned by strong gains in exports and non-residential investment.

Employment conditions in the United States deteriorated during the review quarter, especially in the construction and manufacturing sectors, causing the average jobless rate to firm to 4.8% from 4.7% in the

previous period and 4.5% a year ago. Steady economic growth in the United Kingdom supported a 0.2 percentage point fall in the unemployment rate to 5.2%, while sound economic fundamentals and positive growth trends in Germany and France underpinned the decline in the euro zone's unemployment rate to 7.2% in December, a level not seen for 25 years. The unemployment rate in China was 4.0% at end-2007, 0.1 percentage points lower than the previous year. Similarly, the average jobless rate in Japan improved by 0.2 percentage points from the fourth quarter of 2006 to 3.8%, reflecting favorable business conditions and a high ratio of job offers to applicants.

Heightened oil and food prices continued to drive inflationary pressures worldwide. In the United States, increases in energy and food costs as well as transportation and medical expenses contributed to a firming in average consumer price inflation to 4.1% for the year, up from 2.5% in 2006. Despite elevated food, clothing and energy prices, inflation in the United Kingdom moved lower to 2.1%, from the previous year's rate of 3.0%, due mainly to utility expenses. In contrast, higher food, transportation and education costs in the euro area intensified the upturn in average prices by 1.2 percentage points on a year-on-year basis to 3.1%. Amid modest increases in the price of imported raw materials, Japanese inflation firmed by 0.5 percentage points to 0.7% in December, and strong consumer demand reinforced a 6.6% surge in average prices in China, up sharply from last year's 1.9% expansion.

Exchange rate developments over the fourth quarter of 2007 were characterized by further weakening of the US dollar against most major currencies, resulting from the combination of continued narrowing of interest rate spreads between the US and other major economies and the deterioration in that country's economic and financial market outlook. The dollar depreciated by 2.62% versus the Swiss Franc to CHF1.1335, and by 2.21% vis-à-vis the Euro to €0.6854. In contrast, amid concerns over economic conditions in the United Kingdom, the dollar moved higher against the Pound Sterling on a quarterly basis, by 3.15% to £0.5038. Against major Asian currencies, the dollar depreciated by 2.69% relative to the Yen to ¥111.71; and by 2.78% against the Chinese Yuan to 7.2971.

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Despite a few short-lived rallies, following increased monetary accommodation by several central banks, global equity markets fell during the review quarter. Reflecting investors' concern that the ongoing US housing and credit crises would continue to spread to other areas of the economy, the Dow Jones Industrial Average (DJIA) and the Standard and Poor's 500 Index (S&P 500) recorded quarterly losses of 4.54% and 3.82%, to close at 13,264.8 points and 1,468.36 points, respectively. These negative developments in US equity markets were in contrast to those noted in the last quarter of the previous year, when the DJIA and S&P 500 improved by 6.7% and 6.2%, respectively. Similarly, the majority of the European markets contracted, as the UK's FTSE 100 registered a decline of less than 1% to 6,456.90 points; while France's CAC 40 fell modestly by 1.78% to 5,614.08 points. In contrast, Germany's DAX appreciated by 2.62% to a high of 8,067.32 points. In Asia, Japan's NIKKEI 225 and China's Shanghai Composite Index moved lower by 8.80% and 5.24% to 15,307.78 points and 5,261.56 points, respectively.

In commodity markets, crude oil prices surged by 20.4% to \$94.92 per barrel, in contrast to the 2.8% contraction a year earlier. The price increase was the largest for the year and reflected a number of factors, including declines in oil inventories, persistent strengthening in oil demand from emerging market economies and continued depreciation of the US dollar. In light of concerns over the uncertainty in global financial markets, investors increased their holdings of "safe" assets. Consequently, the price of gold rallied by 12.15% to \$833.92 per troy ounce, while silver prices firmed by 7.48% to \$14.80 per troy ounce.

During the review quarter, the Federal Reserve, the Bank of England, the Bank of Canada, the Swiss National Bank and the European Central Bank, in a coordinated action, auctioned more than \$100 billion in short-term loans in their respective countries to ease tight liquidity conditions in the global credit markets. Amid the deepening housing and credit crisis, the Federal Reserve reduced the federal funds rate on two separate occasions during the quarter, by a combined 50 basis points to 4.25%, and lowered the discount rate by 25 basis points to 4.75%. Complementing actions taken by the Federal Reserve, the US Government initiated a plan to freeze interest rates on certain sub-prime mortgages to provide

direct assistance to borrowers. Despite inflation rising to above the Bank of England's target rate, concerns over the outlook for economic growth prompted the central bank to decrease its bank rate by 25 basis points to 5.5%. The European Central Bank maintained its neutral monetary policy stance, as inflation remained higher than the Bank's target rate; and in light of modest economic growth and relatively benign inflation, the Bank of Japan decided to leave its key overnight call rate unchanged at 0.5%. In contrast, the People's Bank of China sustained its monetary policy tightening posture, in an effort to contain credit-driven inflationary pressures—boosting the banks' reserve requirement ratio by 2.0 percentage points to 14.5%. It also increased the benchmark deposit and lending rates, by 0.27 and 0.18 percentage points, to 4.14% and 7.47%, respectively.

In external sector developments, weaker export performance combined with the higher fuel costs impacted the trade balances of major economies over the fourth quarter. In the United States, the ongoing decline of the US dollar fuelled a steady increase in exports. However, export gains were offset by stronger import growth, resulting in an expansion in the trade deficit, on a quarterly basis, by 3.4% to \$179.9 billion, in contrast to a decrease of 11.2% a year earlier.

A sharp decline in exports from the euro zone in December contributed to a narrowing of the external trade surplus, by 60.7% to €4.2 billion. Similarly, within the United Kingdom, the strength of the pound contributed to a contraction in exports of services and resulted in the goods and services deficit increasing by £0.3 billion to £14.2 billion over the review period—although below the £0.8 billion deterioration during the corresponding period of last year. Japan's quarterly goods and services surplus worsened by ¥1.6 trillion to ¥25.9 trillion, significantly shrinking the current account surplus by 16.8% over the quarter. Despite oil-related increases in the import bill, growth in export receipts resulted in China's trade surplus rising by \$3.3 billion to \$76.5 billion, although down from a \$19.2 billion expansion to \$67.7 billion last year.

STATISTICAL APPENDIX  
(Tables 1-16)

## STATISTICAL APPENDIX

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The following symbols and conventions are used throughout this report:

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

**TABLE 1**  
**FINANCIAL SURVEY**

End of Period	2003			2004			2005			2006			2007		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
	(B\$ Millions)														
<b>Net foreign assets</b>	(143.8)	104.3	(32.2)	(16.3)	(6.4)	(181.1)	(133.4)	(124.5)	(249.0)	(133.4)	(124.5)	(249.0)	(133.4)	(124.5)	(249.0)
Central Bank	484.3	667.8	578.8	637.8	644.2	542.7	623.5	642.8	464.7	623.5	642.8	464.7	623.5	642.8	464.7
Domestic Banks	(628.1)	(563.5)	(611.0)	(654.1)	(650.6)	(723.8)	(756.9)	(767.3)	(713.7)	(756.9)	(767.3)	(713.7)	(756.9)	(767.3)	(713.7)
<b>Net domestic assets</b>	4,147.1	4,317.2	4862.4	4,950.5	5,161.6	5,259.8	5,455.3	5,657.5	5,791.8	5,455.3	5,657.5	5,791.8	5,455.3	5,657.5	5,791.8
Domestic credit	4,974.0	5,227.2	5899.5	6,051.4	6,295.3	6,524.9	6,802.1	7,049.3	7,259.1	6,802.1	7,049.3	7,259.1	6,802.1	7,049.3	7,259.1
Public sector	879.4	887.8	945.8	935.7	1,006.8	1,004.5	1044.3	1,176.2	1,191.8	1044.3	1,176.2	1,191.8	1044.3	1,176.2	1,191.8
Government (net)	506.5	547.1	642.5	621.2	642.2	636.0	664.2	773.7	823.6	664.2	773.7	823.6	664.2	773.7	823.6
Rest of public sector	372.9	340.7	303.3	314.5	364.6	368.5	380.1	402.5	368.2	380.1	402.5	368.2	380.1	402.5	368.2
Private sector	4,094.6	4,339.4	4953.7	5,115.7	5,288.5	5,520.4	5,757.8	5,873.1	6,067.3	5,757.8	5,873.1	6,067.3	5,757.8	5,873.1	6,067.3
Other items (net)	(826.9)	(910.0)	(1037.1)	(1,100.9)	(1,133.7)	(1,265.1)	(1,346.8)	(1,391.8)	(1,467.3)	(1,346.8)	(1,391.8)	(1,467.3)	(1,346.8)	(1,391.8)	(1,467.3)
<b>Monetary liabilities</b>	4,003.3	4,421.5	4830.2	4,934.2	5,155.2	5,078.7	5,321.9	5,533.0	5,542.7	5,321.9	5,533.0	5,542.7	5,321.9	5,533.0	5,542.7
Money	907.4	1,134.4	1247.6	1,265.5	1,352.7	1,263.6	1,267.9	1,330.7	1,273.2	1,267.9	1,330.7	1,273.2	1,267.9	1,330.7	1,273.2
Currency	160.1	176.6	195.3	198.2	198.3	199.0	216.1	216.9	213.3	216.1	216.9	213.3	216.1	216.9	213.3
Demand deposits	747.3	957.8	1052.3	1,067.3	1,154.4	1,064.6	1,051.8	1,113.8	1,059.9	1,051.8	1,113.8	1,059.9	1,051.8	1,113.8	1,059.9
Quasi-money	3,095.9	3,287.1	3582.6	3,668.7	3,802.5	3,815.1	4,054.0	4,202.3	4,269.5	4,054.0	4,202.3	4,269.5	4,054.0	4,202.3	4,269.5
Fixed deposits	2,315.9	2,410.3	2556.6	2,636.2	2,687.9	2,720.8	2,907.3	3,002.0	3,074.3	2,907.3	3,002.0	3,074.3	2,907.3	3,002.0	3,074.3
Savings deposits	678.8	779.9	881.8	911.6	931.8	941.1	986.2	1029.9	1012.9	986.2	1029.9	1012.9	986.2	1029.9	1012.9
Foreign currency	101.2	96.9	144.2	120.9	182.8	153.2	160.5	170.4	182.3	160.5	170.4	182.3	160.5	170.4	182.3
	(percentage changes)														
<b>Total domestic credit</b>	0.7	5.1	12.9	2.6	4.0	3.6	0.9	3.6	3.0	0.9	3.6	3.0	0.9	3.6	3.0
Public sector	1.0	1.0	6.5	(1.1)	7.6	(0.2)	(2.8)	12.6	1.3	(2.8)	12.6	1.3	(2.8)	12.6	1.3
Government (net)	(22.2)	8.0	17.4	(3.3)	3.4	(1.0)	(1.9)	16.5	6.4	(1.9)	16.5	6.4	(1.9)	16.5	6.4
Rest of public sector	69.9	(8.6)	(11.0)	3.7	15.9	1.1	(4.3)	5.9	(8.5)	(4.3)	5.9	(8.5)	(4.3)	5.9	(8.5)
Private sector	0.6	6.0	14.2	3.3	3.4	4.4	1.6	2.0	3.3	1.6	2.0	3.3	1.6	2.0	3.3
<b>Monetary liabilities</b>	4.4	10.4	14.0	2.2	4.5	(1.5)	3.4	4.0	0.2	3.4	4.0	0.2	3.4	4.0	0.2
Money	11.0	25.0	9.2	1.4	6.9	(6.6)	1.3	5.0	(4.3)	1.3	5.0	(4.3)	1.3	5.0	(4.3)
Currency	3.4	10.3	10.0	1.5	0.1	0.4	6.9	0.4	(1.7)	6.9	0.4	(1.7)	6.9	0.4	(1.7)
Demand deposits	12.7	28.2	10.6	1.4	8.2	(7.8)	0.3	5.9	(4.8)	0.3	5.9	(4.8)	0.3	5.9	(4.8)
Quasi-money	2.6	6.2	9.9	2.4	3.6	0.3	4.1	3.7	1.6	4.1	3.7	1.6	4.1	3.7	1.6

Source: The Central Bank of The Bahamas

**TABLE 2**  
**MONETARY SURVEY**

End of Period	2003			2004			2005			2006			2007		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
	<b>(B\$ Millions)</b>														
<b>Net foreign assets</b>	(130.7)	70.9	(65.9)	(47.7)	(30.2)	(148.5)	(84.1)	(68.6)	(226.7)	(84.1)	(68.6)	(226.7)	(84.1)	(68.6)	(226.7)
Central Bank	484.3	667.8	578.8	637.8	644.2	542.7	623.5	642.8	464.7	623.5	642.8	464.7	623.5	642.8	453.8
Commercial banks	(615.0)	(596.9)	(644.7)	(685.5)	(674.4)	(691.2)	(707.6)	(711.4)	(691.4)	(707.6)	(711.4)	(691.4)	(707.6)	(711.4)	(651.4)
<b>Net domestic assets</b>	4,025.1	4,247.2	4,786.9	4,880.9	5,094.5	5,140.3	5,327.1	5,518.9	5,709.2	5,327.1	5,518.9	5,709.2	5,327.1	5,518.9	5,800.6
Domestic credit	4,822.8	5,083.1	5,752.7	5,900.8	6,142.5	6,372.6	6,650.8	6,899.5	7,120.3	6,650.8	6,899.5	7,120.3	6,650.8	6,899.5	7,401.4
Public sector	874.9	883.4	945.8	930.9	1,001.6	999.0	1,039.0	1,171.0	1,186.5	1,039.0	1,171.0	1,186.5	1,039.0	1,171.0	1,212.8
Government (net)	502.1	542.7	642.5	616.4	637.0	630.5	658.9	768.5	818.3	658.9	768.5	818.3	658.9	768.5	863.8
Rest of public sector	372.8	340.7	303.3	314.5	364.6	368.5	380.0	402.5	368.2	380.0	402.5	368.2	380.0	402.5	349.0
Private sector	3,947.9	4,199.7	4,806.9	4,969.9	5,140.9	5,373.6	5,611.8	5,728.5	5,933.8	5,611.8	5,728.5	5,933.8	5,611.8	5,728.5	6,188.6
Other items (net)	(797.7)	(835.9)	(965.8)	(1,019.9)	(1,048.0)	(1,232.3)	(1,323.7)	(1,380.6)	(1,411.1)	(1,323.7)	(1,380.6)	(1,411.1)	(1,323.7)	(1,380.6)	(1,600.8)
<b>Monetary liabilities</b>	3,894.4	4,318.1	4,716.1	4,833.2	5,064.3	4,991.8	5,243.0	5,450.3	5,482.4	5,243.0	5,450.3	5,482.4	5,243.0	5,450.3	5,603.1
Money	895.8	1,124.7	1,223.0	1,245.5	1,338.1	1,246.3	1,254.3	1,313.0	1,256.1	1,254.3	1,313.0	1,256.1	1,254.3	1,313.0	1,278.9
Currency	160.1	176.6	195.3	198.2	198.3	199.0	216.1	217.0	213.3	216.1	217.0	213.3	216.1	217.0	223.7
Demand deposits	735.7	948.1	1,027.7	1,047.3	1,139.8	1,047.3	1,038.2	1,096.0	1,042.8	1,038.2	1,096.0	1,042.8	1,038.2	1,096.0	1,055.2
Quasi-money	2,998.6	3,193.4	3,493.1	3,587.7	3,726.2	3,745.5	3,988.7	4,137.3	4,226.3	3,988.7	4,137.3	4,226.3	3,988.7	4,137.3	4,324.2
Savings deposits	678.5	779.7	881.6	911.5	931.7	941.1	986.0	1,029.6	1,012.6	986.0	1,029.6	1,012.6	986.0	1,029.6	991.9
Fixed deposits	2,218.8	2,316.8	2,467.4	2,555.3	2,611.7	2,651.2	2,842.2	2,937.3	3,031.4	2,842.2	2,937.3	3,031.4	2,842.2	2,937.3	3,132.2
Foreign currency deposits	101.3	96.9	144.1	120.9	182.8	153.2	160.5	170.4	182.3	160.5	170.4	182.3	160.5	170.4	200.1
	<b>(percentage change)</b>														
<b>Total domestic credit</b>	0.6	5.4	13.2	2.6	4.1	3.7	0.9	3.7	3.4	0.9	3.7	3.2	0.9	3.7	3.9
Public sector	0.8	1.0	7.1	(1.6)	7.6	(0.3)	(2.8)	12.7	1.3	(2.8)	12.7	1.3	(2.8)	12.7	2.2
Government (net)	(22.5)	8.1	18.4	(4.1)	3.3	(1.0)	(1.9)	16.6	6.5	(1.9)	16.6	6.5	(1.9)	16.6	5.6
Rest of public sector	69.9	(8.6)	(11.0)	3.7	15.9	1.1	(4.3)	5.9	(8.5)	(4.3)	5.9	(8.5)	(4.3)	5.9	(5.2)
Private sector	0.6	6.4	14.5	3.4	3.4	4.5	1.7	2.1	3.6	1.7	2.1	3.6	1.7	2.1	4.3
<b>Monetary liabilities</b>	4.1	10.9	9.2	2.5	4.8	(1.4)	3.5	4.0	0.6	3.5	4.0	0.6	3.5	4.0	2.2
Money	10.8	25.6	8.7	1.8	7.4	(6.9)	1.3	4.7	(4.3)	1.3	4.7	(4.3)	1.3	4.7	1.8
Currency	3.4	10.3	10.6	1.5	0.1	0.4	6.9	0.4	(1.7)	6.9	0.4	(1.7)	6.9	0.4	4.9
Demand deposits	12.5	28.9	8.4	1.9	8.8	(8.1)	0.2	5.6	(4.9)	0.2	5.6	(4.9)	0.2	5.6	1.2
Quasi-money	2.2	6.5	9.4	2.7	3.9	0.5	4.2	3.7	2.2	4.2	3.7	2.2	4.2	3.7	2.3

Source: The Central Bank of The Bahamas

**TABLE 3**  
**CENTRAL BANK BALANCE SHEET**

End of Period	(B\$ Millions)																																		
	2003			2004			2005			2006			2007																						
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.																				
<b>Net foreign assets</b>	484.3	667.8	578.8	637.8	644.2	542.7	623.5	642.8	464.7	454.2	183.7	311.1	145.4	210.4	212.1	116.8	226.7	246.2	69.7	59.5	291.3	347	424.4	418.4	422.8	416.47	399.8	387.3	387.0	385.1	384.7				
Balances with banks abroad	9.3	9.7	9.0	9.0	9.3	9.3	9.5	9.5	9.7	9.9	--	--	--	--	--	0.1	--	--	0.1	0.1	0.1	--	--	--	--	--	--	--	--	--	--				
Foreign securities	--	--	--	--	--	0.1	--	0.1	0.1	0.1	15.2	(13.1)	23.1	(21.0)	(25.9)	83.9	85.1	89.9	50.9	175.3	236.2	108.4	141.9	122.0	111.3	129.9	182.3	182.5	194.2	163.1	278.7	332.3			
Reserve position in the Fund	114.8	149.5	149.7	150.7	137.4	198.0	201.8	176.9	288.1	347.8	43.8	78.5	72.7	73.7	75.4	77.6	76.4	90.6	104.9	100.1	132.4	71.0	71.0	77.0	77.0	62.0	77.0	62.0	62.0	72.0	72.0	72.0			
SDR holdings	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
<b>Net domestic assets</b>	15.2	(13.1)	23.1	(21.0)	(25.9)	83.9	85.1	89.9	50.9	175.3	108.4	141.9	122.0	111.3	129.9	182.3	182.5	194.2	163.1	278.7	332.3	114.8	149.5	149.7	150.7	137.4	198.0	190.6	201.8	176.9	288.1	347.8			
Net claims on Government	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
Claims	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Treasury bills	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Bahamas registered stock	43.8	78.5	72.7	73.7	75.4	77.6	76.4	90.6	104.9	100.1	71.0	71.0	77.0	77.0	62.0	77.0	62.0	62.0	72.0	72.0	72.0	6.4	(7.6)	(27.7)	(39.4)	(7.5)	(15.7)	(8.1)	(7.5)	(7.5)	(13.8)	(9.4)	(15.6)		
Loans and advances	(6.4)	(7.6)	(27.7)	(39.4)	(7.5)	(15.7)	(8.1)	(39.4)	(7.5)	(15.7)	(6.4)	(7.6)	(27.7)	(39.4)	(7.5)	(15.7)	(8.1)	(7.5)	(7.5)	(13.8)	(9.4)	(15.6)	(6.4)	(7.6)	(27.7)	(39.4)	(7.5)	(15.7)	(8.1)	(7.5)	(7.5)	(13.8)	(9.4)	(15.6)	
Deposits	(6.4)	(7.6)	(27.7)	(39.4)	(7.5)	(15.7)	(8.1)	(39.4)	(7.5)	(15.7)	(6.4)	(7.6)	(27.7)	(39.4)	(7.5)	(15.7)	(8.1)	(7.5)	(7.5)	(13.8)	(9.4)	(15.6)	(6.4)	(7.6)	(27.7)	(39.4)	(7.5)	(15.7)	(8.1)	(7.5)	(7.5)	(13.8)	(9.4)	(15.6)	
In local currency	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
In foreign currency	(21.6)	(87.7)	(26.1)	(54.1)	(77.8)	(12.4)	(18.3)	(22.8)	(29.8)	(10.4)	(21.6)	(87.7)	(26.1)	(54.1)	(77.8)	(12.4)	(18.3)	(22.8)	(29.8)	(10.4)	(10.4)	(21.6)	(87.7)	(26.1)	(54.1)	(77.8)	(12.4)	(18.3)	(22.8)	(29.8)	(10.4)	(10.4)	(10.4)		
Deposits of rest of public sector	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Credit to commercial banks	(97.3)	(98.2)	(105.5)	(114.0)	(108.5)	(107.2)	(107.3)	(115.4)	(112.6)	(111.6)	18.4	22.3	24.4	27.6	22.3	13.1	20.1	25.8	22.3	17.5	18.4	18.4	18.4	22.3	24.4	27.6	22.3	13.1	20.1	20.1	25.8	22.3	17.5	18.4	
Official capital and surplus	6.4	7.6	7.3	7.2	7.2	7.1	7.0	7.0	6.9	6.8	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	0.8	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Net unclassified assets	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	0.8	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Loans to rest of public sector	(324.2)	(462.2)	(392.0)	(403.9)	(404.9)	(412.4)	(367.3)	(481.7)	(461.3)	(450.1)	(79.6)	(78.5)	(105.8)	(57.0)	(60.4)	(59.1)	(116.2)	(60.3)	(72.0)	(73.5)	(110.1)	(244.6)	(383.7)	(286.2)	(346.9)	(344.5)	(353.3)	(251.1)	(421.4)	(389.2)	(337.2)	(340.0)	(340.0)		
Public Corp Bonds/Securities	(15.2)	(15.9)	(14.6)	(14.7)	(15.1)	(15.2)	(15.4)	(15.4)	(15.5)	(16.2)	(15.2)	(15.9)	(14.6)	(14.7)	(15.1)	(15.2)	(15.4)	(15.4)	(15.5)	(16.2)	(16.2)	(15.2)	(15.9)	(14.6)	(14.7)	(15.1)	(15.2)	(15.4)	(15.4)	(15.5)	(16.2)	(16.2)	(16.2)		
<b>Liabilities To Domestic Banks</b>	(160.1)	(176.6)	(195.3)	(198.2)	(198.3)	(199.0)	(202.1)	(216.1)	(216.9)	(223.7)	(160.1)	(176.6)	(195.3)	(198.2)	(198.3)	(199.0)	(202.1)	(216.1)	(216.9)	(223.7)	(223.7)	(160.1)	(176.6)	(195.3)	(198.2)	(198.3)	(199.0)	(202.1)	(216.1)	(216.9)	(223.7)	(223.7)	(223.7)		
Notes and coins																																			
Deposits																																			
SDR allocation																																			
Currency held by the private sector																																			

**Source: The Central Bank of The Bahamas**



**TABLE 4**  
**DOMESTIC BANKS BALANCE SHEET**

End of Period	(B\$ Millions)														
	2003			2004			2005			2006			2007		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
<b>Net foreign assets</b>	(628.1)	(563.5)	(611.0)	(654.1)	(650.6)	(723.8)	(754.1)	(767.3)	(713.7)	(667.6)					
<b>Net claims on Central Bank</b>	322.4	461.4	389.7	403.2	405.1	418.1	366.5	460.4	412.3	448.4					
Notes and Coins	79.6	78.5	105.8	57.0	60.4	59.1	116.2	72.0	73.5	110.1					
Balances	243.6	383.7	284.7	347.0	345.5	359.8	251.1	420.4	339.6	339.1					
Less Central Bank credit	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8					
<b>Net domestic assets</b>	3,814.7	4,018.7	4,518.2	4,615.1	4,753.6	4,797.4	4,935.4	5,003.4	5,190.8	5,199.7					
Net claims on Government	398.1	405.2	528.9	510.0	512.3	453.8	494.5	469.9	610.6	544.9					
Treasury bills	47.6	26.7	66.1	78.0	125.3	34.6	10.0	18.9	139.6	60.7					
Other securities	369.6	393.3	400.5	413.9	417.8	447.5	437.1	446.7	437.9	463.1					
Loans and advances	74.5	78.2	150.7	122.6	75.7	70.9	156.3	107.7	139.7	136.1					
Less: deposits	93.6	93	88.4	104.5	106.5	99.2	108.9	103.3	106.6	115.1					
Net claims on rest of public sector	53.0	91.5	(25.3)	(11.4)	(14.0)	(15.2)	12.3	15.4	(7.7)	(55.7)					
Securities	18.6	18.6	20.6	22.6	34.3	34.3	121.1	118.4	115.9	98.0					
Loans and advances	347.0	313.5	265.8	283.6	322.2	326.1	268.1	253.7	278.6	262.3					
Less: deposits	312.6	240.6	311.7	317.6	370.5	375.6	376.8	356.6	402.3	416.0					
Other net claims	3.5	(14.1)	(5.9)	(4.2)	8.2	(42.3)	(17.9)	(31.3)	(37.6)	(5.3)					
Credit to the private sector	4094.6	4339.4	4953.7	5,115.7	5,288.5	5,520.4	5,668.7	5,757.8	5,873.1	6,067.3					
Securities	20.4	14.7	28.2	27.4	28.2	29.2	21.7	20.3	24.3	24.9					
Mortgages	1438.4	1631.1	1919.1	1,996.8	2,084.2	2,182.3	2,258.1	2,320.7	2,390.4	2,480.1					
Loans and advances	2,635.8	2,693.6	3006.4	3,091.5	3,176.1	3,308.9	3,388.9	3,416.9	3,458.4	3,562.3					
Private capital and surplus	(1032.5)	(1121.4)	(1197.5)	(1,278.4)	(1,299.2)	(1,420.7)	(1,477.5)	(1,501.3)	(1,552.1)	(1,600.9)					
Net unclassified assets	301.5	318.1	264.3	283.4	257.8	301.4	255.3	292.8	304.5	247.0					
<b>Liabilities to private sector</b>	3,508.9	3,916.6	4,297.1	4,364.2	4,508.1	4,491.7	4,547.8	4,726.4	4,883.9	4,896.0					
Demand deposits	766.2	921	1092.2	1,066.1	1,161.4	1,128.7	1,112.9	1,124.8	1,164.7	1,137.7					
Savings deposits	682.1	783.7	885.3	915.1	937.6	949.0	956.8	988.3	1,032.7	1,016.2					
Fixed deposits	2060.6	2,211.9	2,319.6	2,383.0	2,409.1	2,414.0	2,478.1	2,613.3	2,686.5	2,742.0					

**Source: The Central Bank of The Bahamas**

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

(B\$'000s)

Period	2004			2005			2006			2007			
	2004	2005	2006	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	
1. Interest Income	474,049	533,519	646,269	134,328	152,718	145,220	156,110	162,343	182,596	182,718	181,288	187,091	
2. Interest Expense	168,412	178,153	225,205	44,443	46,599	47,289	53,343	57,560	67,013	68,909	74,410	73,078	
<b>3. Interest Margin (1-2)</b>	<b>305,637</b>	<b>355,366</b>	<b>421,064</b>	<b>89,885</b>	<b>106,119</b>	<b>97,931</b>	<b>102,767</b>	<b>104,783</b>	<b>115,583</b>	<b>113,809</b>	<b>106,878</b>	<b>114,013</b>	
4. Commission & Forex Income	26,425	28,665	29,543	8,950	7,162	7,134	6,973	6,648	8,788	7,680	7,979	10,936	
<b>5. Gross Earnings Margin (3+4)</b>	<b>332,062</b>	<b>384,031</b>	<b>450,607</b>	<b>98,835</b>	<b>113,281</b>	<b>105,065</b>	<b>109,740</b>	<b>111,431</b>	<b>124,371</b>	<b>121,489</b>	<b>114,857</b>	<b>124,949</b>	
6. Staff Costs	116,033	125,378	138,087	32,286	32,852	33,502	33,914	35,985	34,686	26,848	34,586	36,696	
7. Occupancy Costs	16,284	18,558	20,669	4,082	5,580	4,744	5,292	5,682	4,951	4,595	5,390	5,167	
8. Other Operating Costs	60,051	54,888	63,002	14,915	14,225	16,036	15,093	14,022	17,851	19,773	18,603	21,972	
<b>9. Operating Costs (6+7+8)</b>	<b>192,368</b>	<b>198,824</b>	<b>221,758</b>	<b>51,283</b>	<b>52,657</b>	<b>54,282</b>	<b>54,299</b>	<b>55,689</b>	<b>57,488</b>	<b>51,216</b>	<b>58,579</b>	<b>63,835</b>	
<b>10. Net Earnings Margin (5-9)</b>	<b>139,694</b>	<b>185,207</b>	<b>228,849</b>	<b>47,552</b>	<b>60,624</b>	<b>50,783</b>	<b>55,441</b>	<b>55,742</b>	<b>66,883</b>	<b>70,273</b>	<b>56,278</b>	<b>61,114</b>	
11. Depreciation Costs	9,739	12,625	11,088	3,053	3,610	2,818	2,842	2,810	2,618	2,935	2,986	2,967	
12. Provisions for Bad Debt	35,806	21,897	43,129	4,779	5,237	6,181	10,819	7,967	18,162	5,696	12,567	8,614	
13. Other Income	74,197	76,750	101,633	16,272	19,325	26,750	23,607	26,185	25,091	24,794	32,565	27,202	
<b>14. Other Income (Net) (13-11-12)</b>	<b>28,652</b>	<b>42,228</b>	<b>47,416</b>	<b>8,440</b>	<b>10,478</b>	<b>17,751</b>	<b>9,946</b>	<b>15,408</b>	<b>4,311</b>	<b>16,163</b>	<b>17,012</b>	<b>15,621</b>	
<b>15. Net Income (10+14)</b>	<b>168,346</b>	<b>227,435</b>	<b>276,265</b>	<b>55,992</b>	<b>71,102</b>	<b>68,534</b>	<b>65,387</b>	<b>71,150</b>	<b>71,194</b>	<b>86,436</b>	<b>73,290</b>	<b>76,735</b>	
<b>16. Effective Interest Rate Spread (%)</b>	<b>6.48</b>	<b>6.45</b>	<b>6.15</b>	<b>6.60</b>	<b>6.76</b>	<b>6.24</b>	<b>6.28</b>	<b>6.12</b>	<b>5.96</b>	<b>5.88</b>	<b>5.80</b>	<b>6.44</b>	
				<b>(Ratios To Average Assets)</b>									
Interest Margin	4.91	5.42	5.62	5.28	6.71	5.49	5.54	5.49	5.97	5.74	5.17	5.47	
Commission & Forex Income	0.43	0.44	0.40	0.53	0.45	0.40	0.38	0.35	0.45	0.39	0.39	0.52	
Gross Earnings Margin	5.34	5.85	6.02	5.81	7.17	5.89	5.91	5.84	6.42	6.12	5.56	5.99	
Operating Costs	3.09	3.02	2.97	3.01	3.33	3.04	2.93	2.92	2.97	2.58	2.84	3.06	
Net Earnings Margin	2.25	2.83	3.05	2.79	3.84	2.85	2.99	2.92	3.45	3.54	2.72	2.93	
Net Income	2.70	3.47	3.69	3.29	4.50	3.84	3.52	3.73	3.68	4.36	3.55	3.68	

\*Commercial Banks and OLFIs with domestic operations

Source: The Central Bank of The Bahamas



**TABLE 7**  
**CONSUMER INSTALMENT CREDIT\***

End of Period	2003			2004			2005			2006			2007			(B\$' 000)
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	
<b>CREDIT OUTSTANDING</b>																
Private cars	221,334	212,679	209,879	216,465	222,787	226,337	231,191	237,786	241,465	248,152						
Taxis & rented cars	2,054	2,349	2,317	2,322	2,340	2,502	2,305	2,004	2,095	1,908						
Commercial vehicles	4,254	5,212	6,038	6,173	6,551	6,588	7,024	6,985	6,926	6,956						
Furnishings & domestic appliances	12,727	13,972	17,309	17,667	18,277	18,768	20,018	20,265	21,111	22,394						
Travel	40,815	40,814	41,435	39,489	42,151	46,929	42,898	43,506	50,326	50,970						
Education	49,903	46,926	47,737	48,393	48,257	53,095	52,219	52,249	58,196	54,725						
Medical	13,662	13,811	14,446	14,940	16,227	16,691	18,149	18,846	20,231	20,520						
Home Improvements	109,296	114,199	134,334	137,988	142,222	145,557	154,103	157,601	162,026	163,070						
L and Purchases	120,265	150,096	174,645	177,630	186,023	190,508	212,473	217,701	221,946	227,236						
Consolidation of debt	343,660	346,795	413,193	429,545	439,948	447,458	469,828	482,978	496,945	496,296						
Miscellaneous	334,267	374,008	412,162	425,763	438,374	463,648	505,010	516,608	536,264	559,119						
Credit Cards	148,265	166,073	188,058	186,643	196,474	210,102	223,774	228,627	243,125	256,995						
<b>TOTAL</b>	<b>1,400,502</b>	<b>1,486,934</b>	<b>1,661,553</b>	<b>1,703,018</b>	<b>1,759,631</b>	<b>1,828,183</b>	<b>1,938,992</b>	<b>1,985,156</b>	<b>2,060,656</b>	<b>2,108,341</b>						
<b>NET CREDIT EXTENDED</b>																
Private cars	(23,844)	(8,655)	(2,800)	6,586	6,322	3,550	2,770	6,595	3,679	6,687						
Taxis & rented cars	78	295	(32)	5	18	162	(263)	(301)	91	(187)						
Commercial vehicles	(259)	958	826	135	378	37	195	(39)	(59)	30						
Furnishings & domestic appliances	(1,804)	1,245	3,337	358	610	491	360	247	846	1,283						
Travel	(2,320)	(1)	621	(1,946)	2,662	4,778	(3,046)	608	6,820	644						
Education	(9,584)	(2,977)	811	656	(136)	4,838	(639)	30	5,947	(3,471)						
Medical	(656)	149	635	494	1,287	464	829	697	1,385	289						
Home Improvements	(2,505)	4,903	20,135	3,654	4,234	3,335	1,252	3,498	4,425	1,044						
L and Purchases	9,790	29,831	24,549	2,985	8,393	4,485	11,155	5,228	4,245	5,290						
Consolidation of debt	(7,282)	3,135	66,398	16,352	10,403	7,510	10,037	13,150	13,967	(649)						
Miscellaneous	(8,359)	39,741	38,154	13,601	12,611	25,274	15,888	11,598	19,656	22,855						
Credit Cards	(10,519)	17,808	21,985	(1,415)	9,831	13,628	(2,627)	4,853	14,498	13,870						
<b>TOTAL</b>	<b>(57,264)</b>	<b>86,432</b>	<b>174,619</b>	<b>41,465</b>	<b>56,613</b>	<b>68,552</b>	<b>35,911</b>	<b>46,164</b>	<b>75,500</b>	<b>47,685</b>						

**Source: The Central Bank of The Bahamas**

\* Includes both demand and add-on loans

**TABLE 8**  
SELECTED AVERAGE INTEREST RATES

Period	2005				2006				2007			
	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
<b>DOMESTIC BANKS</b>												
<b>Deposit rates</b>												
Savings deposits	2.26	2.16	2.05	2.19	2.13	2.16	2.14	2.01	1.96	2.00	2.24	
Fixed deposits												
Up to 3 months	3.13	3.17	3.51	3.15	3.13	3.16	3.25	3.44	3.50	3.52	3.58	
Up to 6 months	3.41	3.63	3.89	3.44	3.60	3.63	3.83	3.88	3.86	3.85	3.98	
Up to 12 months	3.58	3.93	4.28	3.85	3.88	3.88	4.10	4.32	4.19	4.12	4.47	
Over 12 months	3.62	4.18	4.52	4.13	4.10	4.15	4.32	4.84	4.05	4.48	4.71	
Weighted average rate	3.22	3.36	3.69	3.31	3.30	3.31	3.51	3.66	3.63	3.68	3.80	
<b>Lending rates</b>												
Residential mortgages	8.08	7.85	8.16	7.94	7.82	7.84	7.78	7.93	8.13	8.28	8.29	
Commercial mortgages	8.10	8.37	8.75	8.12	8.42	8.30	8.65	8.56	8.26	8.93	9.23	
Consumer loans	12.22	11.96	12.70	12.01	11.97	12.10	11.75	12.15	12.82	12.76	13.05	
Overdrafts	10.86	10.56	11.44	11.18	10.38	10.44	10.23	11.47	12.39	11.04	10.87	
Weighted average rate	10.34	9.97	10.63	10.25	9.90	9.93	9.79	10.35	10.82	10.63	10.72	
<b>Other rates</b>												
Prime rate	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	
Treasury bill (90 days)	0.14	0.87	2.66	0.36	0.69	0.69	1.74	2.55	2.64	2.63	2.83	
Treasury bill re-discount rate	0.64	1.37	3.16	0.86	1.19	1.19	2.24	3.05	3.14	3.13	3.33	
Bank rate (discount rate)	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	

Source: The Central Bank of The Bahamas

**TABLE 9**  
SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS

Period	2003				2004				2005				2006				2007				
	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	
<b>Loan Portfolio</b>																					
Current Loans (as a % of loans total)	89.9	90.8	92.0	92.3	93.0	92.4	92.5	92.4	92.4	92.4	92.4	92.4	92.4	92.4	91.3	90.6	90.6	90.6	90.6	90.6	
Arrears (% by loan type)																					
Consumer	3.5	2.9	2.8	2.7	2.6	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.7	2.8	3.0	3.0	3.0	3.0	3.0	
Mortgage	4.0	3.8	3.6	3.2	3.2	3.4	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.3	4.6	4.6	4.6	4.6	4.6	
Commercial	2.6	2.5	1.6	1.8	1.2	1.4	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.9	1.5	1.7	1.7	1.7	1.7	1.7	
Public	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	
Total Arrears	<u>10.1</u>	<u>9.2</u>	<u>8.0</u>	<u>7.7</u>	<u>7.0</u>	<u>7.6</u>	<u>7.5</u>	<u>7.5</u>	<u>7.6</u>	<u>7.6</u>	<u>7.6</u>	<u>7.6</u>	<u>7.6</u>	<u>7.6</u>	<u>8.7</u>	<u>9.4</u>	<u>9.4</u>	<u>9.4</u>	<u>9.4</u>	<u>9.4</u>	
<b>Total B\$ Loan Portfolio</b>	<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>	<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>	
<b>Loan Portfolio</b>																					
Current Loans (as a % of loans total)	89.9	90.8	92.0	92.3	93.0	92.4	92.5	92.4	92.4	92.4	92.4	92.4	92.4	92.4	91.3	90.6	90.6	90.6	90.6	90.6	
Arrears (% by days outstanding)																					
30 - 60 days	3.2	2.9	2.7	2.7	2.3	2.4	2.5	2.4	2.4	2.4	2.4	2.5	2.5	2.7	2.6	3.1	3.6	3.6	3.6	3.6	
61 - 90 days	1.8	1.5	1.0	0.7	0.7	1.2	0.9	1.2	1.2	1.2	1.2	0.9	0.9	0.8	1.0	1.3	1.3	1.3	1.3	1.3	
90 - 179 days	1.1	0.8	0.9	0.9	0.7	0.8	0.9	0.8	0.8	0.8	0.8	0.9	0.9	0.8	0.7	0.9	1.2	1.2	1.2	1.2	
over 180 days	4.0	4.0	3.4	3.4	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.4	3.3	3.3	3.3	3.3	3.3	
Total Arrears	<u>10.1</u>	<u>9.2</u>	<u>8.0</u>	<u>7.7</u>	<u>7.0</u>	<u>7.6</u>	<u>7.5</u>	<u>7.6</u>	<u>7.6</u>	<u>7.6</u>	<u>7.6</u>	<u>7.5</u>	<u>7.5</u>	<u>7.6</u>	<u>7.6</u>	<u>8.7</u>	<u>9.4</u>	<u>9.4</u>	<u>9.4</u>	<u>9.4</u>	
<b>Total B\$ Loan Portfolio</b>	<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>	<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	39.9	39.7	33.9	35.1	36.5	37.0	35.0	37.0	36.5	37.0	35.0	35.0	35.0	31.9	33.1	29.4	29.4	29.4	29.4	29.4	
Mortgage	38.4	38.8	42.9	41.6	44.3	41.7	40.9	41.7	44.3	41.7	40.9	40.9	40.9	42.7	42.1	45.6	45.6	45.6	45.6	45.6	
Other Private	21.7	21.4	23.1	23.2	19.1	21.2	24.0	21.2	19.1	21.2	24.0	24.0	24.0	25.3	22.8	23.2	23.2	23.2	23.2	23.2	
Public	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	2.0	1.8	1.8	1.8	1.8	1.8	
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>	<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>	
<b>Provisions to Loan Portfolio</b>																					
Consumer	3.7	4.0	3.0	3.1	3.3	3.5	3.4	3.5	3.3	3.5	3.4	3.4	3.4	2.8	3.0	2.7	2.8	2.8	2.8	2.8	
Mortgage	1.2	1.2	1.3	1.5	1.5	1.3	1.3	1.3	1.5	1.3	1.3	1.3	1.3	1.2	1.3	1.2	1.2	1.2	1.2	1.2	
Other Private	0.9	1.0	1.6	2.3	2.3	2.3	2.5	2.3	2.3	2.3	2.5	2.5	2.5	2.8	2.4	3.2	3.2	3.2	3.2	3.2	
Public	0.0	0.0	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Provisions to Total Loans	2.1	2.2	2.0	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.1	2.1	2.1	2.2	2.2	2.2	2.2	
Total Provisions to Non-performing Loans	40.2	45.0	44.9	51.8	57.7	56.5	54.7	56.5	57.7	56.5	54.7	54.7	54.7	51.0	51.3	48.0	48.0	48.0	48.0	48.0	
Total Non-performing Loans to Total Loans	5.1	4.8	4.5	4.3	4.0	4.1	4.2	4.1	4.0	4.1	4.2	4.2	4.2	4.1	4.1	4.3	4.5	4.5	4.5	4.5	

**Source: The Central Bank of The Bahamas**

Figures may not sum to total due to rounding.

**TABLE 10**  
**SUMMARY OF BANK LIQUIDITY**

End of Period	(B\$ Millions)														
	2003			2004			2005			2006			2007		
	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.	Mar.	Jun.	Dec.
<b>I. Statutory Reserves</b>															
Required reserves	187.2	205.3	226.3	228.6	238.0	244.6	244.7	248.5	258.5	263.1	265.0				
Average Till Cash	66.7	70.2	86.5	60.8	67.8	68.2	96.9	67.9	71.4	72.5	92.8				
Average balance with central bank	250.2	407.5	332.2	357.5	355.9	348.5	265.7	379.6	421.0	340.2	363.1				
Free cash reserves (period ended)	128.9	271.6	191.5	189.0	184.9	171.2	117.2	198.3	233.1	148.9	190.1				
<b>II. Liquid Assets (period)</b>															
A. Minimum required Liquid assets	615.6	677.2	752.2	768.5	797.6	800.4	802.5	813.6	851.8	858.0	860.0				
B. Net Eligible Liquid Assets	772.3	909.7	895.6	937.8	990.4	964.2	865.6	988.9	1079.5	980.5	1011.9				
i) Balance with Central Bank	243.5	383.7	284.7	347.0	345.5	359.8	251.1	420.4	389.2	339.6	341.2				
ii) Notes and Coins	80.1	79.0	106.3	57.5	60.9	59.6	116.7	60.8	72.5	74.0	110.6				
iii) Treasury Bills	47.6	26.7	66.1	78.0	125.3	34.6	10.0	18.9	139.6	60.7	50.8				
iv) Government registered stocks	369.5	393.3	400.4	413.9	417.8	447.5	437.1	446.7	437.9	463.1	468.5				
v) Specified assets	26.8	24.9	26.0	28.0	39.3	39.0	39.9	39.7	39.5	37.3	36.6				
vi) Net Inter-bank dem/call deposits	5.6	2.9	12.9	14.2	2.4	24.5	11.7	3.3	1.5	6.6	5.0				
vii) Less: borrowings from central bank	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)				
C. Surplus/(Deficit)	156.7	232.5	143.4	169.3	192.8	163.8	63.1	175.4	227.6	122.5	151.9				

**Source: The Central Bank of The Bahamas**



**TABLE II**  
**GOVERNMENT OPERATIONS AND FINANCING**

Period	2003/04p		2004/05p		2005/06p		Budget		2005/06p				2006/07p				2007/08p		
							2006/07	2007/08	QTR. III	QTR. IV	QTR. I	QTR. II	QTR. III	QTR. IV	QTR. I	QTR. II	QTR. I	QTR. II	
Total Revenue & Grants	943.8	1,039.4	1,221.5	1,339.0	1,483.9	1,339.0	1,483.9	311.3	365.0	326.9	299.1	352.0	360.2	326.9	299.1	352.0	360.2	293.7	315.9
Current expenditure	994.0	1,053.1	1,149.6	1,269.6	1,385.1	1,269.6	1,385.1	289.6	312.8	283.4	299.7	334.6	368.0	283.4	299.7	334.6	368.0	303.6	318.9
Capital expenditure	80.9	90.4	123.5	162.4	189.7	162.4	189.7	31.3	42.2	30.3	35.2	36.1	64.6	30.3	35.2	36.1	64.6	30.5	33.5
Net lending	35.3	71.4	54.5	32.4	34.4	32.4	34.4	15.1	20.3	9.7	18.0	16.9	24.5	9.7	18.0	16.9	24.5	10.4	12.0
Overall balance	(166.4)	(175.5)	(106.1)	(125.4)	(125.4)	(125.4)	(125.4)	(24.8)	(10.4)	3.6	(53.8)	(35.5)	(96.9)	3.6	(53.8)	(35.5)	(96.9)	(50.8)	(48.5)
<b>FINANCING (I+II-III+IV+V)</b>	166.4	175.4	106.1	125.4	125.7	125.4	125.7	24.8	10.4	(3.6)	53.8	35.3	96.9	(3.6)	53.8	35.3	96.9	50.8	48.5
<b>I. Foreign currency borrowing</b>	206.7	2.9	8.7	32.7	23.0	32.7	23.0	1.4	3.4	3.0	2.7	5.0	3.8	3.0	2.7	5.0	3.8	2.0	20.2
External	206.7	2.9	5.3	32.7	23.0	32.7	23.0	1.4	3.4	3.0	2.7	5.0	3.8	3.0	2.7	5.0	3.8	2.0	0.2
Domestic	--	--	3.4	---	---	---	---	--	3.4	--	--	--	--	--	--	--	--	--	20.0
<b>II. Bahamian dollar borrowing</b>	132.3	325.1	201.7	195.3	166.6	195.3	166.6	75.0	51.6	115.0	--	50.0	65.3	115.0	--	50.0	65.3	128.0	66.5
i) Treasury bills	--	13.1	--	---	---	---	---	--	--	--	--	--	10.0	--	--	--	10.0	28.0	--
Central Bank	--	13.1	--	---	---	---	---	--	--	--	--	--	10.0	--	--	--	10.0	28.0	--
Commercial banks & OLFIs	--	--	--	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--
Public corporations	--	--	--	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--
Other	--	--	--	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--
<b>ii) Long-term securities</b>	98.3	306.3	201.7	---	---	---	---	75.0	51.6	100.0	--	50.0	45.3	100.0	--	50.0	45.3	100.0	66.5
Central Bank	33.3	55.9	11.5	---	---	---	---	4.0	2.5	5.0	--	20.0	45.3	5.0	--	20.0	45.3	--	41.5
Commercial banks & OLFIs	20.1	46.3	35.2	---	---	---	---	11.4	12.4	34.9	--	--	--	34.9	--	--	--	25.2	--
Public corporations	21.7	125.6	25.3	---	---	---	---	6.3	3.5	19.1	--	30.0	--	19.1	--	30.0	--	30.8	25.0
Other	23.2	78.5	129.6	---	---	---	---	53.3	33.2	41.0	--	--	--	41.0	--	--	--	44.0	--
<b>iii) Loans and Advances</b>	34.0	5.7	--	---	---	---	---	--	--	15.0	--	--	10.0	15.0	--	--	10.0	--	--
Central Bank	34.0	5.7	--	---	---	---	---	--	--	15.0	--	--	10.0	15.0	--	--	10.0	--	--
Commercial banks	--	--	--	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--
<b>III Debt repayment</b>	251.4	98.4	62.1	102.6	63.9	102.6	63.9	21.7	28.6	35.7	17.5	11.3	58.1	35.7	17.5	11.3	58.1	21.3	3.1
Domestic	242.0	92.6	58.1	94.7	56.0	94.7	56.0	21.0	27.1	35.0	15.9	10.5	31.4	35.0	15.9	10.5	31.4	20.5	1.4
Bahamian dollars	112.0	92.6	57.2	94.7	56.0	94.7	56.0	21.0	26.2	35.0	15.0	10.5	30.5	35.0	15.0	10.5	30.5	20.5	0.5
Internal foreign currency	130.0	--	0.9	---	---	---	---	--	0.9	--	0.9	--	0.9	--	0.9	--	0.9	--	0.9
External	9.4	5.8	4.0	7.9	7.9	7.9	7.9	0.7	1.5	0.7	1.6	0.8	26.5	0.7	1.6	0.8	26.5	0.8	1.7
(33.7)	(45.8)	39.5	---	---	---	---	---	(27.9)	29.9	(0.8)	(2.1)	5.0	(9.7)	(0.8)	(2.1)	5.0	(9.7)	(4.0)	3.9
<b>IV. Cash balance change</b>	112.5	(8.3)	(81.6)	---	---	---	---	(2.0)	(45.9)	(85.1)	70.7	(13.4)	95.6	(85.1)	70.7	(13.4)	95.6	(53.9)	(39.0)
<b>V. Other Financing</b>	--	--	--	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--

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

**TABLE 12**  
**NATIONAL DEBT**

(B\$' 000s)

End of Period	2005p	2006p	2007p	2007p			
				Mar.	Jun.	Sept.	Dec.
<b>TOTAL EXTERNAL DEBT</b>							
By Instrument							
Government Securities	286,528	289,185	270,411	293,449	270,641	271,813	270,411
Loans	225,000	225,000	200,000	225,000	200,000	200,000	200,000
	61,528	64,185	70,411	68,449	70,641	71,813	70,411
Commercial banks	--	--	--	--	--	--	--
Offshore financial institutions	--	--	--	--	--	--	--
Multilateral institutions	61,528	64,185	66,796	64,835	67,026	68,198	66,796
Bilateral Institutions	--	--	3,615	3,614	3,615	3,615	3,615
Private Capital Markets	225,000	225,000	200,000	225,000	200,000	200,000	200,000
<b>TOTAL INTERNAL DEBT</b>							
By Instrument							
Foreign Currency	1,948,696	2,094,191	2,360,508	2,133,690	2,167,571	2,275,071	2,360,508
Government securities	--	1,580	20,112	1,580	676	676	20,112
Loans	--	1,580	20,112	1,580	676	676	20,112
Bahamian Dollars	1,948,696	2,092,611	2,340,396	2,132,110	2,166,895	2,274,395	2,340,396
Advances	76,988	61,988	71,988	61,988	71,988	71,988	71,988
Treasury bills	192,469	192,469	230,469	192,469	202,469	230,469	230,469
Government securities	1,668,993	1,829,908	2,031,693	1,869,908	1,885,192	1,965,192	2,031,693
Loans	10,246	8,246	6,246	7,745	7,246	6,746	6,246
By Holder							
Foreign Currency	--	1,580	20,112	1,580	676	676	20,112
Commercial banks	--	1,580	20,112	1,580	676	676	20,112
Other local financial institutions	--	--	--	--	--	--	--
Bahamian Dollars	1,948,696	2,092,611	2,340,396	2,132,110	2,166,895	2,274,395	2,340,396
The Central Bank	149,682	190,824	348,842	202,087	176,930	288,568	348,842
Commercial banks	463,385	450,974	521,404	468,353	581,222	526,549	521,404
Other local financial institutions	4,811	5,271	3,032	5,271	5,171	5,171	3,032
Public corporations	763,092	764,486	729,259	761,637	714,170	722,058	729,259
Other	567,726	681,056	737,859	694,762	689,402	732,049	737,859
<b>TOTAL FOREIGN CURRENCY DEBT</b>							
<b>TOTAL DIRECT CHARGE</b>	2,235,224	2,383,376	2,630,919	2,427,139	2,438,212	2,546,884	2,630,919
<b>TOTAL CONTINGENT LIABILITIES</b>	497,206	502,885	431,507	495,748	450,828	440,408	431,507
<b>TOTAL NATIONAL DEBT</b>	2,732,430	2,886,261	3,062,426	2,922,887	2,889,040	2,987,292	3,062,426

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)

	2005p	2006p			2007p			2007p		
		2005p	2006p	2007p	Dec.	Mar.	Jun.	Sep	Dec.	
<b>Outstanding debt at beginning of period</b>	<b>581,709</b>	<b>553,442</b>	<b>633,177</b>	<b>633,177</b>	<b>585,899</b>	<b>633,177</b>	<b>628,130</b>	<b>619,857</b>	<b>610,472</b>	
Government	284,611	286,528	291,104	291,104	290,553	291,104	295,368	271,759	272,931	
Public Corporations	297,098	266,914	342,073	342,073	295,346	342,073	332,762	348,098	337,541	
<b>Plus new drawings</b>	<b>42,862</b>	<b>129,288</b>	<b>185,010</b>	<b>185,010</b>	<b>60,030</b>	<b>6,859</b>	<b>68,942</b>	<b>2,005</b>	<b>107,204</b>	
Government	4,974	10,824	31,169	31,169	3,030	5,018	3,942	2,005	20,204	
Public corporations	37,888	118,464	153,841	153,841	57,000	1,841	65,000	--	87,000	
<b>Less Amortization</b>	<b>71,129</b>	<b>49,553</b>	<b>179,340</b>	<b>179,340</b>	<b>12,752</b>	<b>11,906</b>	<b>77,215</b>	<b>11,390</b>	<b>78,829</b>	
Government	3,057	6,248	31,750	31,750	2,479	754	27,551	833	2,612	
Public corporations	68,072	43,305	147,590	147,590	10,273	11,152	49,664	10,557	76,217	
<b>Outstanding debt at end of period</b>	<b>553,442</b>	<b>633,177</b>	<b>638,847</b>	<b>638,847</b>	<b>633,177</b>	<b>628,130</b>	<b>619,857</b>	<b>610,472</b>	<b>638,847</b>	
Government	286,528	291,104	290,523	290,523	291,104	295,368	271,759	272,931	290,523	
Public corporations	266,914	342,073	348,324	348,324	342,073	332,762	348,098	337,541	348,324	
<b>Interest Charges</b>	<b>30,937</b>	<b>35,234</b>	<b>40,408</b>	<b>40,408</b>	<b>13,172</b>	<b>5,226</b>	<b>14,450</b>	<b>4,251</b>	<b>16,476</b>	
Government	18,141	18,254	18,000	18,000	8,761	494	8,947	590	7,965	
Public corporations	12,796	16,980	22,408	22,408	4,411	4,732	5,503	3,661	8,511	
<b>Debt Service</b>	<b>102,066</b>	<b>84,787</b>	<b>219,748</b>	<b>219,748</b>	<b>25,924</b>	<b>17,132</b>	<b>91,665</b>	<b>15,641</b>	<b>95,305</b>	
Government	21,198	24,502	49,750	49,750	11,240	1,248	36,498	1,423	10,577	
Public corporations	80,868	60,285	169,998	169,998	14,684	15,884	55,167	14,218	84,728	
<b>Debt Service ratio (%)</b>	<b>3.4</b>	<b>2.7</b>	<b>6.6</b>	<b>6.6</b>	<b>3.6</b>	<b>2.1</b>	<b>10.8*</b>	<b>2.0</b>	<b>11.8</b>	
<b>Government debt Service/ Government revenue (%)</b>	<b>1.9</b>	<b>1.9</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>0.4</b>	<b>10.1</b>	<b>0.5</b>	<b>3.3</b>	
Commercial banks	215.9	293.7	324.1	324.1	293.7	285.5	301.8	292.3	324.1	
Offshore Financial Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Multilateral Institutions	112.0	108.7	105.6	105.6	108.7	108.4	108.8	108.9	105.6	
Bilateral Institutions	0.0	0.0	3.6	3.6	0.0	3.6	3.6	3.6	3.6	
Other	0.5	5.7	5.6	5.6	5.7	5.7	5.7	5.6	5.6	
Private Capital Markets	225.0	225.0	200.0	200.0	225.0	225.0	200.0	200.0	200.0	

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

**Note:** \*Debt servicing during the 2nd quarter of 2007 includes the re-financing of \$40 million in Public Corporations (internal) debt. Net of these payments, the adjusted debt service ratio was 6.2%

**TABLE 14**  
BALANCE OF PAYMENTS SUMMARY\*

	(B\$ Millions)											
	2005p			2006p			2007p			2007		
	Qtr.Ip	Qtr.IIip	Qtr.IIIip	Qtr.Ip	Qtr.IIip	Qtr.IIIip	Qtr.Ip	Qtr.IIip	Qtr.IIIip	Qtr.Ip	Qtr.IIip	Qtr.IVp
<b>A. Current Account Balance (I+II+III+IV)</b>	<b>(747.0)</b>	<b>(1,556.5)</b>	<b>(1,408.7)</b>	<b>(319.7)</b>	<b>(330.1)</b>	<b>(468.6)</b>	<b>(438.1)</b>	<b>(403.6)</b>	<b>(268.5)</b>	<b>(467.2)</b>	<b>(269.4)</b>	
<b>I. Merchandise (Net)</b>	<b>(1,850.2)</b>	<b>(2,205.6)</b>	<b>(2,251.5)</b>	<b>(528.5)</b>	<b>(567.8)</b>	<b>(602.6)</b>	<b>(506.7)</b>	<b>(578.7)</b>	<b>(543.1)</b>	<b>(607.7)</b>	<b>(522.0)</b>	
Exports	549.0	664.9	740.3	163.1	162.7	168.6	170.5	174.8	181.1	194.1	190.3	
Imports	2,399.2	2,870.5	2,991.8	691.6	730.5	771.2	677.2	753.5	724.2	801.8	712.3	
<b>II. Services (Net)</b>	<b>1,221.2</b>	<b>814.8</b>	<b>1,022.4</b>	<b>259.5</b>	<b>284.9</b>	<b>154.7</b>	<b>115.7</b>	<b>209.9</b>	<b>355.5</b>	<b>177.2</b>	<b>279.8</b>	
Transportation	(312.9)	(310.4)	(321.4)	(78.5)	(81.0)	(76.0)	(74.9)	(89.9)	(83.9)	(78.6)	(69.0)	
Travel	1,724.6	1,671.2	1,809.7	487.6	510.0	342.9	330.7	495.6	545.1	379.7	389.3	
Insurance Services	(97.1)	(121.8)	(107.6)	(21.9)	(34.0)	(35.5)	(30.4)	(15.0)	(34.7)	(36.3)	(21.6)	
Offshore Companies Local Expenses	148.2	188.1	212.5	32.5	34.0	45.6	76.0	44.2	46.4	56.7	65.2	
Other Government	(50.4)	(68.4)	(45.0)	(21.0)	(5.1)	(8.9)	(33.4)	(17.3)	(1.6)	(21.6)	(4.5)	
Other Services	(191.2)	(543.9)	(525.8)	(139.2)	(139.0)	(113.4)	(152.3)	(207.7)	(115.8)	(122.7)	(79.6)	
<b>III. Income (Net)</b>	<b>(203.3)</b>	<b>(217.8)</b>	<b>(231.4)</b>	<b>(67.0)</b>	<b>(66.2)</b>	<b>(27.0)</b>	<b>(57.6)</b>	<b>(45.6)</b>	<b>(98.1)</b>	<b>(48.7)</b>	<b>(39.0)</b>	
1. Compensation of Employees	(73.2)	(92.9)	(84.8)	(41.1)	(19.2)	(16.3)	(16.3)	(16.9)	(19.7)	(23.8)	(24.4)	
2. Investment Income	(130.1)	(125.0)	(146.6)	(25.9)	(47.0)	(10.7)	(41.4)	(28.7)	(78.4)	(24.9)	(14.6)	
<b>IV. Current Transfers (Net)</b>	<b>85.3</b>	<b>52.1</b>	<b>51.8</b>	<b>16.3</b>	<b>19.0</b>	<b>6.3</b>	<b>10.5</b>	<b>10.8</b>	<b>17.2</b>	<b>12.0</b>	<b>11.8</b>	
1. General Government	59.1	58.3	61.0	17.8	20.0	9.0	11.5	12.7	19.8	13.8	14.7	
2. Private Sector	26.2	(6.2)	(9.2)	(1.5)	(1.0)	(2.7)	(1.0)	(1.9)	(2.6)	(1.8)	(2.9)	
<b>B. Capital and Financial Account (I+II)</b> (excl. Reserves)	<b>890.7</b>	<b>1,215.7</b>	<b>929.0</b>	<b>276.9</b>	<b>148.1</b>	<b>342.5</b>	<b>448.2</b>	<b>430.4</b>	<b>181.1</b>	<b>110.5</b>	<b>207.0</b>	
<b>I. Capital Account (Net Transfers)</b>	<b>(60.4)</b>	<b>(63.5)</b>	<b>(75.7)</b>	<b>(13.8)</b>	<b>(14.2)</b>	<b>(21.8)</b>	<b>(13.7)</b>	<b>(21.4)</b>	<b>(16.8)</b>	<b>(21.5)</b>	<b>(16.0)</b>	
<b>II. Financial Account (Net)</b>	<b>951.1</b>	<b>1,279.2</b>	<b>1,004.7</b>	<b>290.7</b>	<b>162.3</b>	<b>364.3</b>	<b>461.9</b>	<b>451.8</b>	<b>197.9</b>	<b>132.0</b>	<b>223.0</b>	
1. Direct Investment	563.6	705.8	692.7	178.6	100.5	139.8	286.9	310.0	118.7	117.1	146.9	
2. Portfolio Investments	--	(18.8)	(7.2)	--	(12.5)	(6.3)	--	--	(3.1)	--	(4.1)	
3. Other Investments	387.5	592.2	319.2	112.1	74.3	230.8	175.0	141.8	82.3	14.9	80.2	
Central Gov't Long Term Capital	1.1	2.4	(18.8)	0.7	(1.5)	2.3	0.9	4.3	(22.8)	1.2	(1.5)	
Other Public Sector Capital	(9.8)	(6.2)	9.0	(1.2)	(2.0)	(1.1)	(1.9)	(1.1)	1.1	(1.1)	10.1	
Banks	47.6	143.0	(86.6)	43.0	(3.5)	73.2	30.3	(26.4)	4.3	(18.3)	(46.2)	
Other	348.6	453.0	415.6	69.6	81.3	156.4	145.7	165.0	99.7	33.1	117.8	
<b>C. Net Errors and Omissions</b>	<b>(232.6)</b>	<b>261.7</b>	<b>433.7</b>	<b>101.9</b>	<b>188.3</b>	<b>24.5</b>	<b>(53.0)</b>	<b>97.0</b>	<b>106.6</b>	<b>178.6</b>	<b>51.5</b>	
<b>D. Overall Balance (A+B+C)</b>	<b>(88.9)</b>	<b>(79.1)</b>	<b>(46.0)</b>	<b>59.1</b>	<b>6.3</b>	<b>(101.6)</b>	<b>(42.9)</b>	<b>123.8</b>	<b>19.2</b>	<b>(178.1)</b>	<b>(10.9)</b>	
<b>E. Financing (Net)</b>	<b>88.9</b>	<b>79.1</b>	<b>46.0</b>	<b>(59.1)</b>	<b>(6.3)</b>	<b>101.6</b>	<b>42.9</b>	<b>(123.8)</b>	<b>(19.2)</b>	<b>178.1</b>	<b>10.9</b>	
Change in SDR holdings	0.0	0.1	--	--	--	--	0.1	--	--	--	--	
Change in Reserve Position with the IMF	0.7	(0.5)	(0.4)	(0.1)	(0.2)	--	(0.2)	--	--	(0.3)	(0.1)	
Change in Ext. Foreign Assets ( ) = Increase	88.2	79.6	46.4	(59.0)	(6.1)	101.6	43.1	(123.8)	(19.2)	178.4	11.0	

Source: The Central Bank of the Bahamas

\* Figures may not sum to total due to rounding

**TABLE 15  
EXTERNAL TRADE**

	(B\$ '000)											
	2005				2006				2006			
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
<b>I. OIL TRADE</b>												
i) Exports	40,583	92,997	5,685	9,455	14,968	10,475	18,891	22,695	26,416	24,995		
ii) Imports	507,845	605,383	106,214	115,611	139,289	146,731	143,657	161,840	197,023	102,863		
<b>II. OTHER MERCHANDISE</b>												
<b>Domestic Exports</b>												
Crawfish	74,499	89,906	10,712	5,836	27,537	30,414	14,692	7,159	26,136	41,919		
Fish & other Crustacea	3,532	5,188	311	1,179	926	1,116	1,015	1,857	1,434	882		
Fruits & Vegs.	927	1,233	234	216.00	--	477	690	--	--	543		
Aragonite	52	--	52	--	--	--	--	--	--	--		
Rum	16,842	9,218	8,040	4,653	3,010	1,139	381	289	4,928	3,620		
Other Cordials & Liqueurs	24	--	12	--	12	--	--	--	--	--		
Crude Salt	14,807	12,016	4,825	3,075	4,026	2,881	3,490	3,398	3,688	1,440		
Hormones	--	--	--	--	--	--	--	--	--	--		
Chemicals	--	--	--	--	--	--	--	--	--	--		
Other Pharmaceuticals	--	--	--	--	--	--	--	--	--	--		
Fragrances	--	--	--	--	--	--	--	--	--	--		
Other	160,169	187,400	28,730	38,159	46,903	46,377	53,748	45,934	42,925	44,793		
<b>i) Total Domestic Exports</b>	<b>270,852</b>	<b>304,961</b>	<b>52,916</b>	<b>53,118</b>	<b>82,414</b>	<b>82,404</b>	<b>74,016</b>	<b>58,637</b>	<b>79,111</b>	<b>93,197</b>		
<b>ii) Re-Exports</b>	<b>117,233</b>	<b>110,868</b>	<b>26,692</b>	<b>33,602</b>	<b>24,953</b>	<b>31,986</b>	<b>36,578</b>	<b>23,373</b>	<b>23,721</b>	<b>27,196</b>		
<b>iii) Total Exports (i+ii)</b>	<b>388,085</b>	<b>415,829</b>	<b>79,608</b>	<b>86,720</b>	<b>107,367</b>	<b>114,390</b>	<b>110,594</b>	<b>82,010</b>	<b>102,832</b>	<b>120,393</b>		
<b>iv) Imports</b>	<b>2,059,317</b>	<b>2,375,341</b>	<b>480,809</b>	<b>547,027</b>	<b>498,292</b>	<b>533,189</b>	<b>587,270</b>	<b>575,447</b>	<b>618,388</b>	<b>594,236</b>		
<b>v) Retained Imports (iv-ii)</b>	<b>1,942,084</b>	<b>2,264,473</b>	<b>454,117</b>	<b>513,425</b>	<b>473,339</b>	<b>501,203</b>	<b>550,692</b>	<b>552,074</b>	<b>594,667</b>	<b>567,040</b>		
<b>vi) Trade Balance (i-v)</b>	<b>(1,671,232)</b>	<b>(1,959,512)</b>	<b>(401,201)</b>	<b>(460,307)</b>	<b>(390,925)</b>	<b>(418,799)</b>	<b>(476,676)</b>	<b>(493,437)</b>	<b>(515,556)</b>	<b>(473,843)</b>		

Source: Department of Statistics Quarterly Statistical Summaries

**TABLE 16**  
SELECTED TOURISM STATISTICS

Period	2005p				2006p				2007p			
	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV
<b>Visitor Arrivals</b>	<b>4,779,417</b>	<b>4,730,607</b>	<b>4,595,582</b>	<b>1,196,650</b>	<b>1,285,708</b>	<b>1,310,123</b>	<b>1,036,799</b>	<b>1,097,977</b>	<b>1,274,045</b>	<b>1,152,037</b>	<b>1,054,442</b>	<b>1,115,058</b>
Air	1,514,532	1,491,633	1,486,301	329,142	410,156	449,996	334,010	297,471	389,597	410,372	350,033	336,299
Sea	3,264,885	3,238,974	3,109,281	867,508	875,552	860,127	702,789	800,506	884,448	741,665	704,409	778,759
<b>Visitor Type</b>												
Stopover	1,608,153	1,600,112	n.a	333,214	423,753	495,583	357,726	323,050	397,861	n.a	n.a	n.a
Cruise	3,078,709	3,076,397	2,970,659	846,976	839,777	797,684	662,164	776,772	854,457	696,715	660,787	758,700
Day/Transit	83,619	68,085	n.a	15,743	17,933	19,875	15,165	15,112	n.a	n.a	n.a	n.a
<b>Tourist Expenditure(B\$ 000's)</b>	<b>2,068,859</b>	<b>2,056,428</b>	n.a	<b>433,407</b>	<b>566,722</b>	<b>597,559</b>	<b>457,719</b>	<b>434,429</b>	n.a	n.a	n.a	n.a
Stopover	1,883,863	1,880,300	n.a	384,093	517,798	550,619	420,766	391,118	n.a	n.a	n.a	n.a
Cruise	179,979	172,043	n.a	48,369	47,848	45,748	36,043	42,404	n.a	n.a	n.a	n.a
Day	5,017	4,085	n.a	945	1,076	1,193	910	907	n.a	n.a	n.a	n.a
<b>Number of Hotel Nights</b>	3,224,892	3,266,878	n.a	806,068	827,956	831,916	806,698	800,308	789,030	n.a	n.a	n.a
<b>Average Length of Stay</b>	6.4	6.4	n.a	6.7	6.8	6.3	5.9	6.7	n.a	n.a	n.a	n.a
<b>Average Hotel Occupancy Rates (%)</b>												
New Providence	75.4	76.9	73.7	65.8	83.3	83.4	75.4	65.8	79.9	78.5	71.6	64.9
Grand Bahama	63.7	52.0	46.6	59.6	70.0	57.7	43.5	36.8	49.4	54.8	44.6	37.7
Other Family Islands	39.4	36.3	38.5	29.7	34.6	51.1	30.8	28.8	41.8	49.3	35.0	27.7
<b>Average Nightly Room Rates (\$)</b>												
New Providence	164.8	172.0	201.0	144.4	189.2	182.9	159.0	156.7	201.6	213.6	191.9	197.0
Grand Bahama	109.8	122.3	124.8	109.4	143.7	133.7	98.8	113.0	158.2	137.9	103.7	99.3
Other Family Islands	190.1	205.1	219.9	175.7	223.8	213.0	184.0	199.7	243.8	218.7	200.6	216.5

Source: The Ministry of Tourism