



Quarterly Economic Review

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QUARTERLY ECONOMIC REVIEW

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REVIEW OF ECONOMIC AND FINANCIAL DEVELOPMENTS

DOMESTIC ECONOMIC DEVELOPMENTS

Preliminary indicators suggest some contraction in domestic output during the third quarter of 2004, as the September Hurricanes, Frances and Jeanne, negatively impacted tourism performance. As the more severely impacted northern economies of Grand Bahama and Abaco are only expected to gradually recover over the rest of 2004, indications are that the overall loss of output during September to December could exceed \$200 million, to which would be added the economic costs associated with property and infrastructure damage. The falloff in economic activity, in combination with a broad-based spending increase, resulted in a widening in the Government's overall budget deficit for the first quarter of FY2004/05. Construction indicators suggested fairly stable quarterly expenditures compared to the same quarter last year, with robust residential investments nearly offset by ongoing sluggishness in commercial outlays. Financial sector developments featured more normalized seasonal trends, with a strong upturn in domestic credit outweighing marginally increased deposit growth and contributing to reductions in otherwise buoyant liquidity and net foreign assets. Oil pressures, although masked in the softening domestic inflation trends, combined with the net reduction in tourism receipts for an increase in the external current account deficit. Meanwhile, net capital and financial transactions switched to small outflow, in response to a decline in net private foreign investments and the resumed net repayment of public sector external debt.

As the banking sector accommodated an elevated level of domestic credit demand, net free cash reserves of the sector were lowered by \$33.0 million (17.4%) to \$156.6 million during the third quarter, still representing a more buoyant 3.9% of Bahamian dollar deposit liabilities, compared to 3.7% last year. Broader surplus liquid assets also receded by \$32.3 million (14.2%) to \$194.6 million, albeit continuing to exceed the required minimum by a stable 29.5% when compared to the same period last year. Buoyant liquidity conditions contributed to a

decline in the weighted average interest rate on deposits by a further 9 basis points to 3.67% during the quarter, while the boost in consumer lending underpinned a 4 basis point increase in the corresponding loan rate to 11.33%. Consequently, the average loan-deposit spread widened by 13 basis points to 7.66%. Similar to deposit trends, the average 90-day Treasury bill rate softened by 42 basis points to 0.29%; however, benchmark rates, commercial banks' Prime rate and the Central Bank's Discount rate, remained at their respective July 1999 levels of 6.00% and 5.75%.

Money supply (M3) growth strengthened to 1.0% from 0.4%, placing the stock at \$4.4 billion relative to \$4.0 billion in 2003. The uptrend was associated with a 26.6% rise in residents' foreign currency deposits, following a 2.5% decline in 2003 and firmer Bahamian dollar savings deposits growth of 1.2%, compared with 0.5% last year. The expansion in demand deposits moderated to 1.3% from 3.0%, and the falloff in fixed deposits increased to 0.7%, linked to non-bank investments in the Government's \$100 million Registered Stock issued in July. Currency in active circulation also rebounded by 2.7%, after a 3.1% reduction in 2003.

Domestic credit recovered, on a seasonal basis, by \$109.3 million (2.1%) in the third quarter of 2004, to \$5.25 billion, contrasting with the year earlier contraction of \$124.9 million (2.6%). Of particular note was the 4.9% net upturn in claims on the public sector, dominated by the Bahamian dollar-led \$47.8 million (8.3%) increase in net credit to Government, which declined by \$184.4 million (27.5%) last year, following the application of proceeds from the \$200 million external bond issue in July 2003. Growth in private sector claims was incrementally higher at 1.5%, as the personal component, featuring accelerated increases in both consumer credit (2.3%) and residential mortgages (2.9%), contrasted with a net repayment of claims on businesses and other private sector activity.

In the fiscal sector, estimates for the first quarter of FY2004/05 indicate that the overall deficit expanded to \$49.2 million from \$19.6 million in the corresponding FY2003/04 period. Hurricane related losses suffered in

September constrained growth in tax collections to 0.4%, and overall revenue consequently fell by 3.0% to \$210.9 million, reinforced by a near halving in the non-tax component (46.6%). Conversely, the increase in outlays was broad-base, with recurrent expenditure elevated by 8.1% to \$240.6 million; capital outlays, by 29.6% to \$10.4 million and net lending to public corporations, by 40.8% to \$9.0 million. Budgetary financing for the first quarter of FY2004/05 included a \$100 million Registered Stock issue in July, versus principal repayment, mostly on the domestic debt, of \$14.5 million. As a consequence, the Direct Charge on Government rose by 4.4% to \$2,027.6 million, which outweighed the \$11.3 million (2.6%) reduction in Government's Contingent Liabilities to \$416.8 million. As a consequence, the National Debt was higher by 3.1% at \$2,444.4 million, outpacing the comparative 2.6% uptrend to \$2,301.7 million at end-September 2003.

Lost hotel sector business in September contributed to a reduction in tourism output during the third quarter. In particular, the sharp drop-off in September traffic (40.3%) mitigated the robust (17.8%) growth for July and August, and curtailed total arrivals gains at 3.9%, for 1.1 million visitors. This was still above last year's 1.2% increase, reflecting the significant underlying growth occurring in cruise line capacity to The Bahamas. Despite a 40.3% decline in September, the strong 24.8% uptrend in the first two months of the quarter supported growth in sea traffic of 8.2%. Stopover weakness was underscored by a 5.3% quarterly downturn in air arrivals, after the September decline of 48.2% erased modest growth of 4.4% for July and August. Port of entry statistics revealed visitor increases for all destinations, with New Providence's gains (2.7%) sustained by growth in sea arrivals. Despite markedly weakened air traffic (19.0%), Grand Bahama recorded a cruise-led overall growth of 14.7%, while the 0.7% rise for the Family Islands continued to be sustained by stopover traffic.

Construction sector output was relatively stable, with residential activity providing the bulk of industry support. Albeit, the outlook significantly improved, owing both to expenditures related to hurricane repairs and the anticipated upsurge in hotel sector investments. Data from mortgage lending institutions suggested less disparity in the quarterly domestic investments compared to last year, as mortgage disbursements, although incorporating

some non-construction financing, contracted marginally by 0.4%. Commercial drawdowns declined by one-fifth to \$4.2 million, while residential payouts were approximately stable at \$79.5 million. On a forward looking basis, the number of mortgage commitments for new construction and repairs rose by 50.2% to 412 during the third quarter, with the corresponding value increased by 56.0% to \$46.9 million. Most of the approvals (392) were for housing projects, valued almost three-fold higher at \$43.7 million. However, the number of commercial commitments was more than two-thirds lower (6) and valued at \$1.6 million as opposed to \$4.2 million last year. Average interest costs on residential mortgages softened by 30 basis points to 8.8% vis-à-vis 2003, as opposed to a stable 9.6% for commercial loans.

Quarterly inflation, as measured by the average change in the Retail Price Index, moderated to 0.1% from 0.4% in the same period in 2003. Average cost declines for housing (the most heavily weighted component) and clothing & footwear items, were accompanied by stable average quarterly prices for medical care & health; and marginally tempered increases for food & beverages and transport & communication. Inflation in the 12-months through September 2004 slowed to 1.2% from 3.0% in 2003, reflecting a decline in average costs for recreation entertainment & services and more abated price increases for housing, furniture & household operations and "other" goods & services. Conversely, annual price pressures increased for food & beverages, medical care & health, education and clothing & footwear.

In the external sector, the current account deficit widened to \$214.3 million from \$168.8 million in the third quarter of 2003. The trade deficit rose to \$316.5 million from \$294.8 million, with estimated exports growth of \$12.6 million (11.3%) outweighed by an oil price driven \$47.0 million (11.5%) hike in merchandise imports. In addition, the services surplus narrowed by 4.2% to \$155.6 million, led by a 4.2% reduction in net travel receipts. Meanwhile, net income outflows rose by 10.8% to \$48.6 million and net current transfer receipts firmed incrementally to \$7.7 million.

The capital and financial account balance switched to an overall deficit of \$20.7 million from a surplus of \$202.7 million in the corresponding period of 2003. The financial position, which underpinned this outcome,

recorded a net outflow of \$9.7 million as opposed to a net inflow of \$211.3 million last year. With last year's developments dominated by inflows from the Government's external bond issue, the public sector recorded a net external debt repayment of \$2.7 million in 2004, in contrast to the net borrowing of \$193.3 million in 2003. The latter repaid some \$125 million in domestic foreign currency debt owed and contributed to a larger net outflow through the banking system of \$87.1 million last year, as opposed to the current period's \$19.2 million. Net private foreign investments also retreated, with a net loan repayment of \$3.5 million recorded following last year's net inflow of \$49.6 million. Also, there was a net outflow under real estate of \$4.4 million relative to a net inflow of \$29.9 million in 2003, and a moderately reduced net direct equity injection of \$20.1 million.

FISCAL OPERATIONS

Based on preliminary data for the first quarter of FY2004/05, the overall deficit on Government's budgetary operations more than doubled to \$49.2 million from \$19.6 million in the year-earlier period. Concentrated in the month of September, economic disruption caused by the hurricanes resulted in a quarterly revenue loss of \$6.6 million (3.0%) to \$210.9 million, which was equivalent to 20.1% of budgeted expectations for FY2004/05. Total expenditures were higher by 9.7% at \$260.1 million, approximating 21.4% of the year's planned outlay.

REVENUE

The marginal improvement in tax collections of 0.4% to \$202.3 million, represented 96.0% of the overall revenue intake and incorporated a \$16.7 million increase in receipts during the first two months, which was negated by an almost equivalent reduction in the month of September. Taxes on international trade and transactions contracted by 12.3% to \$106.0 million, with customs duties and accompanying stamp taxes reduced by 16.9% and 3.2%, respectively. Two-thirds of the tourism-related losses were concentrated in September, as receipts on selected tourism services, inclusive of gaming and hotel occupancy, were lower by 28.9% to \$5.1 million and departure taxes, by 20.8% to \$10.6 million. Business

and professional license fees declined by 5.4% to \$8.1 million, led by a 16.2% drop in International Business Company (IBC) registration and fees. However, revenue increases were recorded for property taxes (63.4% to \$7.6 million), motor vehicle taxes (14.9% to \$2.8 million) and stamp taxes on financial and other transactions (9.1% to \$16.6 million). Another important offset to identified revenue losses was the \$18.1 million (59.0%) increase in "other" unclassified receipts to \$48.8 million, which represented amounts not yet classified.

At 4.0% of the total, collections from non-tax sources decreased by 46.6% to \$8.5 million. Payments of fines, forfeitures and other administrative fees fell by 45.1% to \$8.0 million, and Government income, mainly from public corporations was more than halved to \$0.5 million.

EXPENDITURE

Reflecting planned outlays, recurrent spending rose by 8.1% to \$240.6 million, and represented 92.5% of the total outlay. Capital spending also advanced by 29.6% to \$10.4 million and net lending to public enterprises, by 40.8% to \$9.0 million.

By economic classification, the hike in recurrent expenditure included a 7.9% increase in Government consumption, which comprised a 6.2% advance in emoluments to \$111.3 million and a 12.6% rise in purchases of goods and services to \$43.0 million. Transfer payments were also higher by 8.4%, with the 7.3% falloff in interest expenses on Government debt to \$24.6 million offset by a rise in subsidy and other payments of 16.3% to \$61.6 million. Higher subsidies and transfers included payment increases to quasi-autonomous agencies of 8.1% to \$34.6 million; households, by 17.9% to \$13.6 million; non-profit institutions, 27.7% to \$7.9 million and non-financial public enterprises, by nearly two-fold to \$4.2 million.

By functional classification, expenditure on general public services, which accounted for the largest share of recurrent spending (30.0%), rose by 10.5% to \$72.1 million. Other increases included education, by 5.2% to \$46.3 million; health, by 7.0% to \$42.2 million; economic services (mainly transportation and labour), by 23.8% to \$29.1 million and social benefits, housing and other

community services, by a combined 10.1% to \$18.6 million.

(30.9%), private and institutional investors (23.4%), local banks (24.9%) and the Central Bank (6.5%).

Government Revenue By Source

July - September

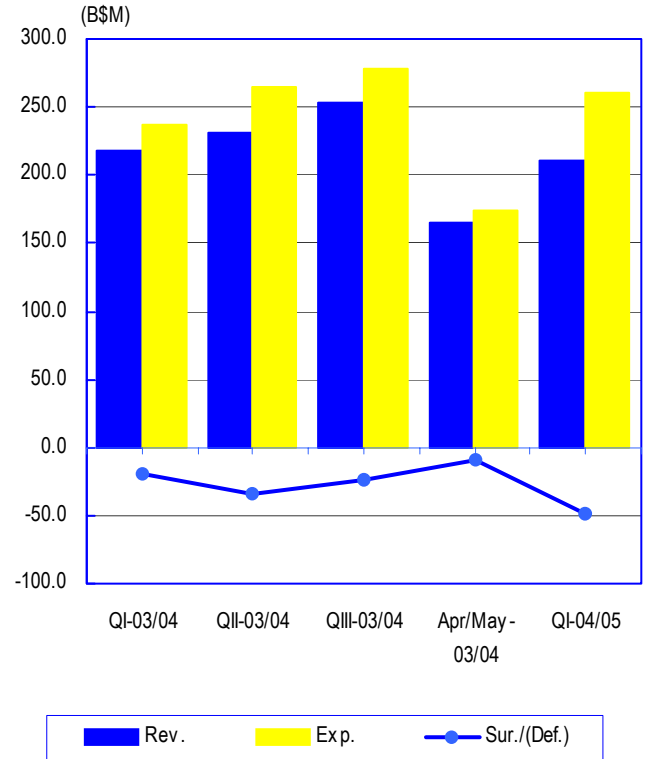
| | FY 03/04p | | FY 04/05p | |
|------------------------|-----------|-------|-----------|-------|
| | B\$M | B\$M | B\$M | B\$M |
| Property tax | 4.6 | 2.1 | 7.5 | 3.6 |
| Selective Services tax | 7.1 | 3.3 | 5.1 | 2.4 |
| Bus. & Prof. Lic. Fees | 8.6 | 4.0 | 8.1 | 3.8 |
| Motor Vehicle tax | 2.4 | 1.1 | 2.8 | 1.3 |
| Departure tax | 13.4 | 6.2 | 10.6 | 5.0 |
| Import duties | 96.7 | 44.5 | 80.3 | 38.1 |
| Stamp tax from imports | 22.7 | 10.4 | 22.0 | 10.4 |
| Export tax | 1.5 | 0.7 | 3.7 | 1.8 |
| Stamp tax from exports | -- | -- | -- | -- |
| Other stamp duty | 15.2 | 7.0 | 16.5 | 7.8 |
| Other Tax revenue | 30.7 | 14.1 | 48.8 | 23.1 |
| Fines, forfeits, etc. | 14.5 | 6.7 | 8.0 | 3.8 |
| Sale of Govt. Property | 0.2 | 0.1 | 0.1 | -- |
| Income | 1.2 | 0.6 | 0.5 | 0.2 |
| Other non-tax rev. | -- | -- | -- | -- |
| Capital Revenue | -- | -- | -- | -- |
| Grants | -- | -- | -- | -- |
| Less: Refunds | 1.3 | 0.6 | 3.1 | 1.5 |
| Total | 217.5 | 100.0 | 210.9 | 100.0 |

Capital expenditure growth was led by higher investments in education, by \$1.5 million (61.9%) to \$4.0 million, and in general public services, by almost three-fold to \$1.8 million. Conversely, outlays for public works were reduced by \$0.7 million (15.6%) to \$3.6 million.

FINANCING AND NATIONAL DEBT

Budgetary financing during the quarter included a \$100 million Registered Stock issue in July, while debt repayment consisted of \$12.6 million in Bahamian dollars and \$1.9 million in foreign currency. As a result, the Direct Charge on Government rose by \$85.5 million (4.4%) to \$2,027.6 million, moderately above the \$75.3 million (4.1%) increase to \$1,930.0 million at end-September 2003. Bahamian dollar debt represented 85.7% of the total, and was held by public corporations

Fiscal Operations



After a net repayment of \$11.3 million (2.6%), Government's Contingent Liabilities were reduced to \$416.8 million. As a result, the National Debt rose by \$74.2 million (3.1%) to \$2,444.4 million at end-September 2004, relative to the \$114.6 million (5.1%) increase to \$2,356.6 million in the corresponding period last year.

PUBLIC SECTOR FOREIGN CURRENCY DEBT

Provisional estimates indicate an \$11.6 million (1.9%) decline in public sector foreign currency debt to \$583.9 million at end-September, culminating in a \$32.3 million (5.2%) reduction for the first nine months of 2004. Public corporations accounted for \$294.6 million (50.5%) of the outstanding balance and the Government, the remaining \$289.3 million (49.5%).

By creditor profile, banks and private institutional investors each held similar shares of the debt (40.0%) and multilateral institutions accounted for the remainder

(19.8%). In terms of currency composition, more than 95.0% of the foreign currency debt was denominated in US dollars, with an average maturity approximating 16 years.

Owing to the shift in the amortization schedule brought on by last year's \$125 million refinancing of domestic liabilities, quarterly foreign currency interest payments decreased to \$2.6 million from \$5.0 million. Total debt service was \$14.2 million, as compared to an adjusted \$34.6 million last year, which is net of the refinancing transaction. Based on these developments, third quarter debt service as a proportion of estimated exports of goods and non-factor services softened to 2.5% from 3.6% last year, and the corresponding adjusted debt service as a proportion of Government's revenue was lower at 1.2% from 2.8%.

REAL SECTOR

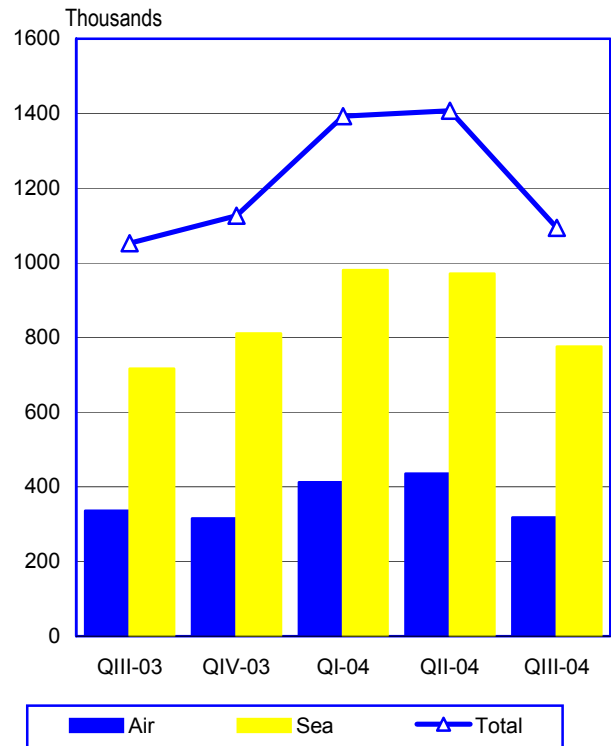
TOURISM

Although total visitor arrivals grew, on a comparative basis, by 3.9% for the third quarter of 2004, business disruption stemming from Hurricanes Frances and Jeanne underpinned a 5.3% downturn in air traffic and a decline in total expenditures. Because this setback occurred during the low point in the tourist season, it is not expected to offset the cumulative expenditure growth projected for the year. The majority of visitor expenditure inflows occurred during the first seven months of 2004, and significantly strengthened seasonal activity during the fourth quarter should offset the September losses.

Sharply lower September traffic resulted in a modest third quarter visitor arrivals gain to 1.094 million, and improved upon the 1.2% rise to 1.053 million in 2003. The outcome was underpinned by an 8.2% uptrend in sea traffic, which represented 71% of total arrivals, but retreated from gains of 24.8% during July and August. The 5.3% falloff in air passengers, following the year-earlier loss of 0.1%, contrasted with the 4.4% increase in the first two months of the quarter. During September, air traffic was nearly halved (48.2%) and sea arrivals were approximately one-third less.

By port of entry, Grand Bahama accounted for 16.0% of total arrivals, experiencing a curtailed gain of 14.7%, despite the 81.1% falloff in September. The performance continued to be sustained by sea arrivals, which rebounded by 43.4% from a 9.5% drop in the corresponding quarter last year, whereas air traffic fell by 19.1%. In the Family Islands, where the total quarterly visitor advance narrowed to 0.7% from 7.6% in 2003, a 10.2% revival was evidenced in air arrivals, owing to the increased importance of markets, other than Abaco. In a significant support to the overall outcome, visitor growth for New Providence firmed to 2.7% from 1.8% in 2003, as the less intense 3.8% drop in air traffic tempered a 6.4% rise in sea arrivals.

Visitor Arrivals



Tourism, which supported healthy growth in the economy through the first nine months of the year, is expected to resume its momentum in New Providence and most of the Family Islands during the fourth quarter. With the expected normalization of activities in the Northern economies by the start of 2005, more broad-base expenditure growth is projected for 2005, premised on

the healthy outlook for the US economy. Other favourable supports in the outlook include the planned increase in low-cost airline carriers from the United States and additional airline capacity from the United Kingdom.

CONSTRUCTION

Residential mortgages continued to provide the main support for construction output, which was comparatively stable during the review quarter. However, a significant pick up in investment activity is expected over the short- to medium-term, owing to a combination of increased foreign investments and hurricane repairs.

Although incorporating some non-construction financing, loan disbursements by local mortgages lenders during the quarter suggested minimal disparity in overall expenditures from a year ago. Residential disbursements rose marginally to \$79.5 million, while commercial drawdowns narrowed slightly to \$4.2 million.

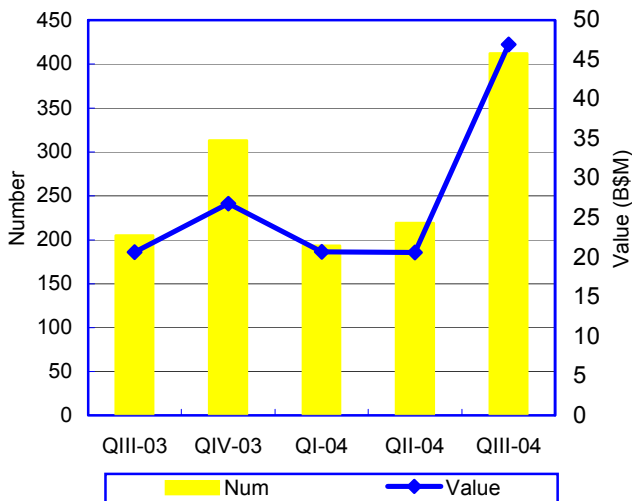
companied a more than halving in value to \$1.6 million. Two-thirds of the commercial loan approvals were for new construction projects, while planned housing developments represented 96.6% (392) of the residential commitments.

On an annual basis, residential mortgages outstanding stood \$160.6 million (10.8%) higher at \$1,644.4 million in September, as opposed to a marginal reduction in commercial claims (1.6%) to \$159.2 million. Of the total mortgage market, the bulk of lending originated from banks (85.2%), followed by insurance companies (10.0%) and the Bahamas Mortgage Corporation (4.8%).

In comparison to the third quarter of 2003, financing costs were fairly stable, with average interest rates on commercial mortgages unchanged at 9.6%, while residential mortgage rates softened by 3 basis points to 8.8%.

More in line with the cumulative picture, residential mortgages outstanding at end-June 2004 rose vis-à-vis the previous year by \$136.4 million (9.3%) to \$1,596.3, while commercial claims remained lower by \$6.2 million (3.7%) at \$161.4 million. Relative to the total size of the mortgage market, banks accounted for the largest share of these loans (84.8%), followed by insurance companies (10.3%) and The Bahamas Mortgage Corporation (4.9%). As regard average interest rates, softening was evident for both residential and commercial loans, to 8.8% and 9.4% from the respective 8.9% and 9.6% in the same period in 2003.

**Mortgage Comittments:
New Construction and Repairs**



Mortgage commitments for new construction and repairs, which include a significant forward looking component, rose more than two-fold to 412, with a corresponding increase in value to \$46.9 million from \$20.6 million. Residential commitments, made up 406 of these contracts, valued at \$45.3 million. Meanwhile, the 6 as opposed to 20 commercial commitments in 2003, accompanied a more than halving in value to \$1.6 million.

PRICES

Based on variations in the average Retail Price Index, inflation moderated to 0.1% during the third quarter from 0.4% in the same period last year. This reflected average price declines for housing (0.4%)—the most heavily weighted component—and clothing & footwear (0.2%), alongside stable average quarterly costs for medical care & health and marginally tempered increases for food & beverages (0.8%) and transport & communication (0.4%). The only notable firming in the Index was the upturn in average costs for average recreation & entertainment services (1.0%).

borrowing, and intensified private sector borrowing for consumer credit and residential mortgages.

Based on estimates for the June quarter, the latest period for which data is available, weakness in earnings indicators persisted, with the erosion in the net interest margins accompanied by larger offsets from depreciation and bad debt expenses. In the third quarter, asset quality indicators experienced some temporary setback, following the employment dislocations caused by the hurricanes which imposed increased loan servicing difficulties—particularly among borrowers in Grand Bahama.

More upbeat economic projections, which continued to provide a more sustainable outlook for domestic credit and asset quality, led the Central Bank on August 9th to remove the ceiling imposed on bank lending since September 21, 2001. The Bank indicated that, in the future, credit policies would be appropriately adjusted to achieve greater stability in the minimum levels of external reserves relative to the deposit liabilities of the banking system. Lending institutions were instructed to pay particular attention to the credit worthiness of new borrowers and, in the case of personal loans, to limit the resulting debt service ratios between 40% and 45% of borrowers' income and to require direct equity contributions of at least 15% on such loans, except for those accompanied by mortgage indemnity insurance.

Following Hurricane Frances, on September 9th, the Bank relaxed the prudential guidelines applicable to credit facilities provided for relief purposes. Lending institutions were advised that the 15% equity contribution would not apply on such loans and that the threshold debt service ratio for the relevant borrowers was increased to 55% from the 40%-45% range.

LIQUIDITY

With the quarter's expansion in credit contrasting with a reduction over the same period last year, net free cash reserves of the banking system decreased by \$33.0 million (17.4%) to \$156.6 million. This compared to an \$11.8 million (9.3%) gain to \$138.9 million in 2003, when net inflows from the Government's external bond issue influenced the outcome. This level was still equivalent to a larger 3.9% share of Bahamian dollar deposit liabilities

Average Retail Price Index

(Annual % Change)
September

| Items | Weight | 2003 | | 2004 | |
|----------------------|--------|-------|------|-------|-----|
| | | Index | % | Index | % |
| Food & Beverages | 138.3 | 113.0 | 0.5 | 115.9 | 2.5 |
| Clothing & Footwear | 58.9 | 107.5 | -0.1 | 107.8 | 0.3 |
| Housing | 328.2 | 103.4 | 0.5 | 103.7 | 0.3 |
| Furn. & Household | 88.7 | 118.7 | 5.9 | 119.0 | 0.3 |
| Med. Care & Health | 44.1 | 119.8 | 7.1 | 129.6 | 8.3 |
| Trans. & Comm. | 148.4 | 105.5 | 1.3 | 107.4 | 1.8 |
| Rec., Enter. & Svcs. | 48.7 | 126.0 | 11.5 | 122.4 | 2.9 |
| Education | 53.1 | 161.5 | 0.6 | 164.9 | 2.1 |
| Other Goods & Svcs. | 91.6 | 120.3 | 10.4 | 122.3 | 1.7 |
| ALL ITEMS | 1000 | 113.1 | 3.0 | 114.5 | 1.2 |

For the twelve months ending September 2004, average inflation slowed to 1.2% from 3.0% in 2003. A decline in average costs for recreation entertainment & services (2.9%) was accompanied by more abated price increases for housing (0.3%), furniture & household operations (0.3%) and "other" goods & services (1.7%). Conversely, the average price increase firmed for food & beverages (2.5%), medical care & health (8.3%) and education (2.1%), while average clothing & footwear costs registered a marginal upturn (0.3%).

MONEY, CREDIT AND INTEREST RATES

OVERVIEW

Monetary and credit developments during the third quarter were highlighted by a seasonal upturn in domestic credit, which significantly outpaced the marginal firming in money growth. As a consequence, both the banking system's net foreign assets and liquidity were reduced. Amid renewed growth in consumer lending, average interest rates on loans increased; however, there was no upward pressure on average deposit rates given continuing buoyancy in liquidity. Concentrated entirely in the Bahamian dollar component, domestic credit trends corresponded to resumed net Government

from 3.7% last year; albeit, less than the June quarter's 4.8% ratio. Banks reduced their balances held with the Central Bank by 17.3%, partly corresponding to a 7.4% increase in their holdings of Government bonds and responding to accelerated net private sector credit demands. The latter also impacted liquid assets which, although reduced by \$32.3 million (14.2%) to \$194.6 million, exceeded the statutory minimum by a comparatively stable 29.5% vis-à-vis the same month last year.

DEPOSITS AND MONEY

Led by a buildup in residents' foreign currency deposits and public corporations' Bahamian dollar balances, total money supply (M3) growth firmed incrementally to 1.0% from 0.4% in the same period last year. Narrow money (M1) advanced by 1.5%, paced marginally below the 1.9% increase in 2003. In particular, demand deposits gains softened to 1.3% from 3.0%, after a falloff (3.3%) in private sector deposits tempered the uptrend (22.9%) in balances held by public corporations. Currency in active circulation rose by 2.7%, following a decline of 3.1% in 2003.

Broad money (M2) growth moderated to 0.3% from 0.5% in 2003, explained by a further 0.7% reduction in fixed deposits, which included declines in both private (0.3%) and public corporations' (3.6%) placements, partly associated with subscriptions to the July Government bond issue. These offset a larger 1.8% accumulation in savings deposits vis-à-vis 0.5% last year.

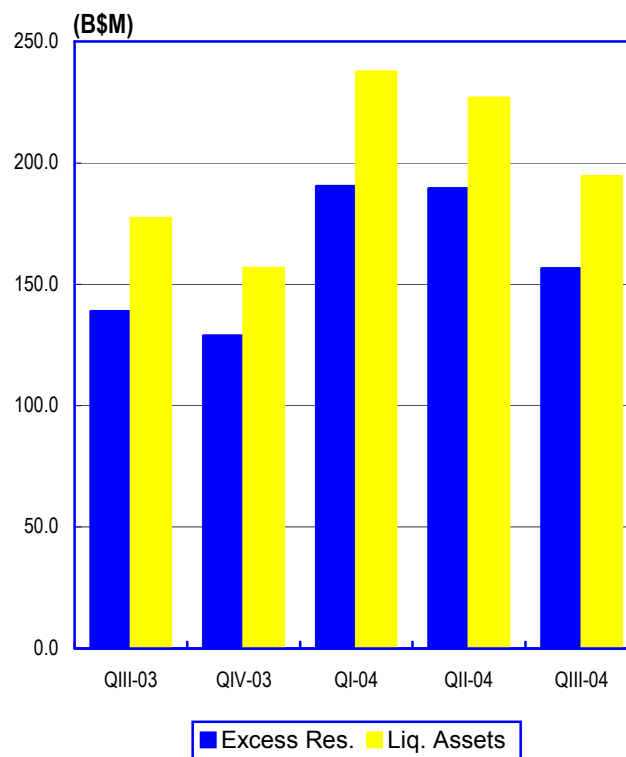
With residents' foreign currency deposits recovered by 26.6% from a third quarter drop of 2.5% in 2003, overall money (M3) expanded by \$42.6 million (1.0%) to an end-September stock of \$4,398.4 million. This exceeded marginal growth of \$15.0 million (0.4%) to \$3,955.9 million in 2003. On a proportional basis, Bahamian dollar fixed deposits remained the largest component of money (54.1%), followed by savings (17.2%), demand deposits (21.8%), currency in circulation (3.8%) and foreign currency balances (3.1%).

DOMESTIC CREDIT

Influenced by resumed net Bahamian dollar borrowing by Government, domestic credit expanded by \$109.3 million (2.1%) during the third quarter, following a con-

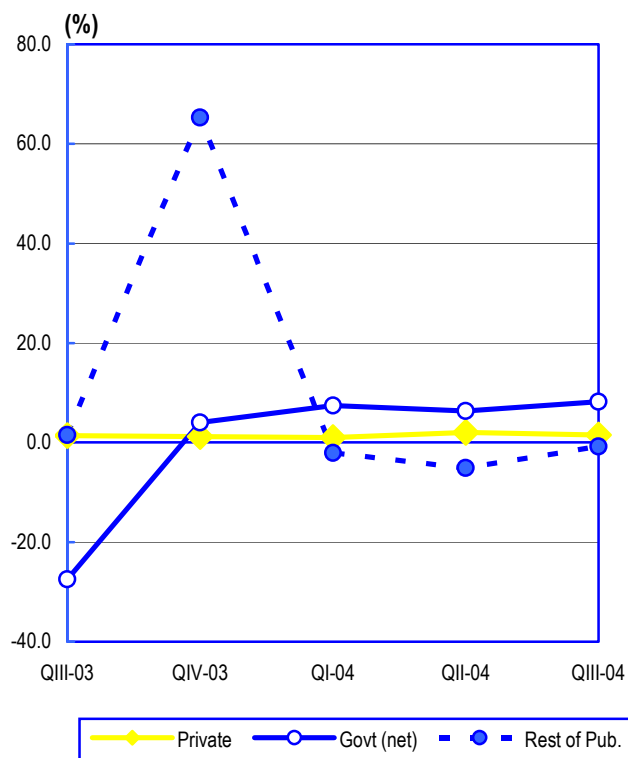
traction of \$124.9 million (2.6%) last year. By currency, the \$131.3 million (2.9%) rebound in the Bahamian dollar component, outpaced a further \$22.0 million (3.5%) reduction in the foreign currency credit.

Liquidity



Banking sector claims on the public sector rose by 4.9%, from 2003's decline of 20.3%. During 2003, refinancing flows associated with the July US\$200.0 million external bond issue resulted in the Government's net repayment of US\$184.4 million (27.5%) whereas, in the review period, net claims expanded by \$47.8 million (8.3%) which was concentrated in the banking sector's subscription to the Bahamian dollar bond issue. Banks were responsible for approximately two-thirds of the net increase and the Central Bank, the remainder. Meanwhile, a \$2.7 million (0.8%) net repayment of public corporations' credit contrasted with net borrowing of \$3.3 million (1.5%) in 2003.

Changes in Credit



Private sector credit expansion, at \$64.2 million (1.5%), moderately exceeded the 2003 increase of \$56.2 million (1.4%). Growth in the Bahamian dollar portion more than doubled to \$82.2 million (2.2%), outweighing a downturn in foreign currency claims of \$18.0 million (4.4%). For personal loans, which comprised 71.0% of the outstanding balances, growth was approximately doubled to \$79.2 million (2.7%), as was similarly the case for net residential mortgages lending, of \$41.0 million (2.9%) and net consumer lending of \$33.3 million (2.3%). In addition, drawdowns were resumed under overdraft balances, by \$5.7 million (8.7%).

The broad-base growth in consumer credit included notably increased net lending for miscellaneous purposes (\$14.1 million) and land purchases (\$9.0 million), along with rebounded claims for home improvements (\$2.4 million) and consolidation of debt (\$1.7 million). Continued, but lesser gains were registered for credit cards (\$6.7 million), travel (\$2.5 million) and education (\$1.8 million), in contrast to a further reduction under private cars (\$5.2 million).

Distribution of Bank Credit By Sector End-September

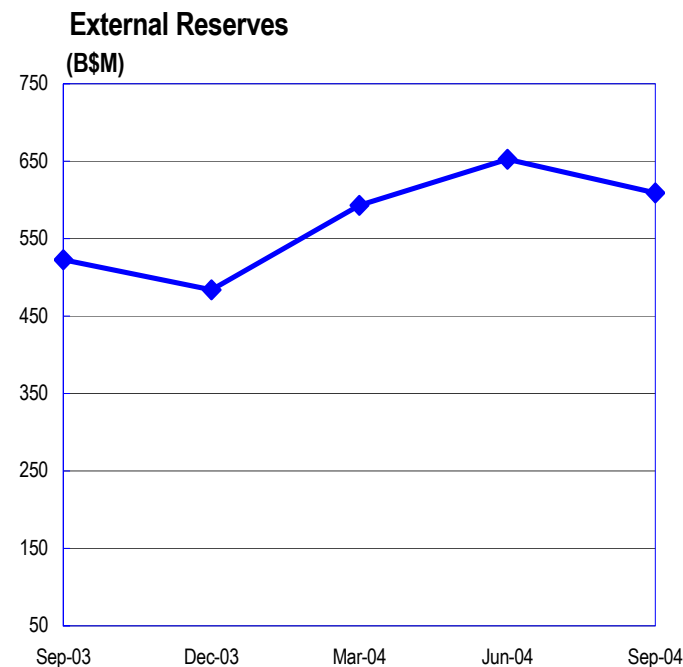
| | 2003 | | 2004 | |
|--------------------|---------------|--------------|---------------|--------------|
| | B\$M | % | B\$M | % |
| Agriculture | 7.9 | 0.2 | 10.1 | 0.2 |
| Fisheries | 16.8 | 0.4 | 19.0 | 0.4 |
| Mining & Quarry | 18.0 | 0.4 | 19.0 | 0.4 |
| Manufacturing | 60.9 | 1.4 | 58.8 | 1.2 |
| Distribution | 209.7 | 4.9 | 200.8 | 4.3 |
| Tourism | 219.9 | 5.1 | 175.4 | 3.7 |
| Enter. & Catering | 33.6 | 0.8 | 36.0 | 0.8 |
| Transport | 32.3 | 0.8 | 40.7 | 0.9 |
| Public Corps. | 198.6 | 4.6 | 315.2 | 6.7 |
| Construction | 266.4 | 6.2 | 250.9 | 5.3 |
| Government | 45.6 | 1.1 | 115.6 | 2.5 |
| Private Financial | 39.1 | 0.9 | 28.8 | 0.6 |
| Prof. & Other Ser. | 125.8 | 2.9 | 116.4 | 2.5 |
| Personal | 2791.1 | 65.3 | 3029.1 | 64.5 |
| Miscellaneous | 211.9 | 5.0 | 284.0 | 6.0 |
| TOTAL | 4277.6 | 100.0 | 4699.8 | 100.0 |

As regard non-personal private lending, total claims were reduced overall, following a modest increase in 2003. Larger net repayments were recorded for manufacturing (\$17.2 million) and professional & other services (\$6.7 million), alongside continued but more moderate declines for distribution (\$7.4 million) and transport (\$5.1 million). A larger reduction in net claims occurred for fisheries (\$8.7 million) and miscellaneous purposes (\$3.4 million); albeit, lending rose for construction (\$5.3 million) and entertainment & catering (\$2.6 million) and a net rebound was registered for claims on the tourism sector (\$3.0 million).

THE CENTRAL BANK

The Central Bank's net claims on Government rebounded by \$17.2 million (16.2%) to \$123.2 million during the period, following last year's \$31.7 million (28.9%) decline to \$77.9 million, based on higher holdings of Government bonds of \$14.4 million (31.5%) and a reduction in Government's deposits. Partly offsetting, net deposit liabilities to the rest of the public sector rose by 21.0% to \$147.3 million. The previous year's trends were

influenced by net foreign currency inflows from the external bond issue, which led to an increase in external reserves of \$50.4 million (10.7%) to \$522.9 million as opposed to the consequent decline of \$43.4 million (6.7%) to \$609.1 million in the current period.



At end September 2004, the stock of reserves was equivalent to an estimated 22.1 weeks of non-oil merchandise imports, improving upon the 18.9 weeks averaged in the preceding year. After adjusting for the statutory required 50% of the Bank's Bahamian dollar demand liabilities, which have to be supported by the external balances, useable reserves stood at \$281.3 million, relative to \$260.0 million in September 2003.

The Bank's underlying foreign exchange transactions resulted in a net sale of \$53.6 million in the third quarter, in contrast to the net purchase of \$47.2 million last year. Transactions with the public sector switched to a net outflow of \$57.3 million from a net inflow of \$33.4 million in 2003, which incorporated the net proceeds from the external bond issue. Meanwhile, the net intake from banks was reduced to \$3.7 million from \$13.8 million. Reflecting softer tourism inflows total purchases from commercial banks declined by \$24.3 million (19.8%), but

was partly cushioned by a \$14.2 million (13.0%) falloff in sales to \$95.0 million.

DOMESTIC BANKS

Domestic banks' drawdown of liquidity and a build up in capital and surplus resources bridged the resources gap for credit expansion, which exceeded deposit growth, and also facilitated a reduction in net foreign liabilities.

The marginal firming in claims on the private sector (1.5%) contrasted with a halving in private sector deposit growth to \$13.5 million (0.4%), where a build-up in foreign currency balances was offset by the reduction in Bahamian dollar liabilities (0.5%) which financed subscriptions to the Government bond issue. In the public sector, net claims on the Government rebounded by \$30.6 million (6.5%), following a \$152.7 million (27.2%) reduction in 2003, that was mostly linked to the refinancing of US\$125 million in foreign currency claims. Meanwhile, net credit to public corporations decreased by \$2.6 million (0.8%), coinciding with a marginal decrease in deposit liabilities.

Including gross amounts owed to Government, domestic banks total deposit liabilities amounted to \$4,184.0 million, with the majority (96.7%) in Bahamian dollars. The largest share of these placements was held by private individuals (55.4%), followed by business firms (27.4%), the public sector (9.1%), private financial institutions (4.3%) and institutional and other depositors (3.8%). By contractual obligations, the largest share of the deposits was held in fixed deposits (58.2%), followed by demand (23.6%) and savings (18.2%) balances.

An analysis of Bahamian dollar deposits by range of value and number of accounts, indicate that accounts which held balances of less than \$10,000 comprised 90.3% of the contracts and held 8.6% of the total deposits. On the converse, individual balances exceeding \$50,000 represented 3.0% of accounts and 77.3% of total value. Accounts with balances between \$10,000 and \$50,000 represented 14.1% of the total value and 6.7% of the total contracts.

Additional funding of credit from liquidity resources included the \$60.2 million (15.6%) drawdown in net currency and deposit claims on the Central Bank. Also,

banks' capital and surplus resources increased by \$15.7 million (1.8%), inclusive of profits and retained earnings and a further boost in provisions for bad debts. The increased provisioning partly corresponded to temporary weakening in asset quality, owing to affected exposures in Grand Bahama and Abaco following the September hurricanes. A survey of banks in September indicated that the total private sector loan exposure to Grand Bahama and other storm impacted islands represented 17.2% of their Bahamian dollar loan portfolio.

The loan payment arrears rate and level of non-performing loans, which were already adversely impacted by end-September, are expected to remain elevated over the remainder of 2004. At end-September, the arrears rate for balances with payment past due 30 days or more was pegged at 10.0% of all outstanding balances, compared to 9.0% at end-June; albeit, remaining less than the December 2003 peak of 10.4%. The residential mortgage portfolio experienced a setback to an increased arrears rate of 10.9% compared to 9.9% at end-June 2004, but also maintained an improvement over the end-2003 level of 11.5%. A similar was pattern was evidenced for consumer and commercial loans payment arrears, which registered quarterly deteriorations to 9.0% and 10.1% of the respective portfolios. Non-performing loans, on which banks had stopped accruing interest, increased incrementally to 5.0% of outstanding claims, largely impacted by trends in the consumer loans portfolio.

Partly in response to the increased number of distressed borrowers, Banks raised average provisioning levels for Bahamian dollar loans marginally to 2.1% of the total portfolio at end-September, which equated with the averaged levels at end-2003. Provisions also corresponded to an increased proportion of the non-performing loans total (42.8%).

INTEREST RATES

During the September quarter, domestic banks' average interest rates spread on loans and deposits widened by 24 basis points to 7.63%, as the weighted average loan rate firmed by 8 basis points to 11.31%, versus a 16 basis point softening in the average deposit rate to 3.67%.

Compared to the preceding quarter, the average rate on fixed deposits fluctuated within a lower range of 3.61%-4.12% from 3.73%-4.97%, while the average savings rates moderated by 6 basis points to 2.49%. On the lending side, the average commercial mortgages rate rose by 49 basis points to 9.35% and the overdraft rate, by 37 basis points to 11.77%. Conversely, the average consumer loan rate decreased by 13 basis points to 12.95% and the average residential mortgage rate, by 3 basis points to 8.84%.

| Banking Sector Interest Rates | | | |
|--------------------------------------|-----------------|----------------|-----------------|
| Period Average (%) | | | |
| | Qtr. III | Qtr. II | Qtr. III |
| | 2003 | 2004 | 2004 |
| Deposit rates | | | |
| Demand Deposits | 2.59 | 2.54 | 2.39 |
| Savings Deposits | 2.55 | 2.55 | 2.49 |
| Fixed Deposits | | | |
| Up to 3 months | 3.72 | 3.73 | 3.61 |
| Up to 6 months | 4.17 | 4.97 | 4.12 |
| Up to 12 months | 4.19 | 4.13 | 4.00 |
| Over 12 months | 4.65 | 4.14 | 3.87 |
| Weighted Avg. Deposit Rate | 3.84 | 3.84 | 3.68 |
| Lending rates | | | |
| Residential mortgages | 8.92 | 8.84 | 8.81 |
| Commercial mortgages | 9.87 | 8.86 | 9.35 |
| Consumer loans | 13.88 | 13.08 | 12.95 |
| Overdrafts | 11.64 | 11.40 | 11.77 |
| Weighted Avg. Loan Rate | 12.10 | 11.23 | 11.31 |

Buoyancy in liquidity also underpinned an easing in the average 90-day Treasury bill rate, by 42 basis points to 0.29%. Benchmark rates, the Central Bank's Discount rate and Commercial Bank's Prime Rate, were unchanged at 5.75% and 6.00%, respectively.

BANK PROFITABILITY

Banks' earnings indicators remained depressed during the second quarter, the latest period for which data were available. Estimated net income contracted by

4.3% to \$38.5 million, in comparison to the same quarter in 2003. Interest income gains (5.7%) strongly exceeded the rise in interest expenses (3.8%) and elevated the net interest margin by 7.2% to \$73.2 million. Also, contributions from commission and foreign exchange income increased marginally to \$64.0 million. However, operating costs were comparatively higher by 4.5% to \$44.8 million, while net income from other sources was nearly halved to \$3.6 million, following larger offsets from elevated bad debt expenses and the amortization of goodwill, which boosted depreciation costs.

Profitability ratios, relative to average domestic assets, also weakened during the second quarter. The net interest margin ratio narrowed by 8 basis points to 4.73%, accompanied by a one basis point drop in the ratio for commission and foreign exchange income to 0.42%. Although some efficiency gains were suggested from the 13 basis points decline in the operating costs ratio to 2.90%, this was outweighed by a more than halving in the contribution from other income, net of depreciation and bad debt expenses, to 0.24%. The overall profitability ratio (return on assets) therefore softened by 34 basis points to 2.49%.

CAPITAL MARKETS DEVELOPMENTS

Domestic capital market activity posted further gains during the third quarter. The Bahamas International Securities Exchange (BISX) All Share Price Index rose further by 3.8% to 1,011.95 points, extending the first six-month's cumulative appreciation of 12.1%. This compared to a September quarter advance of 0.9% in 2003 and a nine-month loss of 0.1%. Third quarter trading volume was some 40.0% lower, at 0.39 million shares, but at an equivalent value of \$2.4 million.

Fidelity Capital Markets Limited's Findex share price index, which also includes equities traded over-the-counter, rose by 3.8% to 418.6 points during the quarter—culminating in a 9-month appreciation of 11.8% as opposed to a 1.2% loss in the same period last year. Market capitalization of the index stood at \$2.08 billion compared to \$1.78 billion at September 2003.

During the quarter, Kerzner International Limited (KZL) completed the offering and listing of its Bahamian Dollar Depository Receipts (BDRs) on BISX, making 4.3 million receipts available for trading. At a price of \$4.71 per BDR, the offering raised approximately \$20.0 million. The BDRs daily prices are determined at one-tenth of the previous day's closing price of the KZL shares on the New York Stock Exchange, with each KZL share equivalent to 10 of the corresponding BDRs.

Other capital funding raised during the quarter included the Government's \$100 million Registered Stock issue in July. The issue, which was oversubscribed by 193%, offered variable yields above the Bahamian dollar prime of 0.0313% to 0.3125% for the 8 tranches, which carried maturities spaced between 10 and 20 years. In comparison, yields offered on bond issued in July 2003 were respectively 3 and 6 basis points higher on the upper and end for similar maturities.

INTERNATIONAL TRADE AND PAYMENTS

An appreciated import bill combined with hurricane-related decrease in net service inflows resulted in a widening of the third quarter estimated current account deficit, to \$214.3 million from \$168.8 million in the same period last year. Rising oil prices underpinned a 7.4% increase in the merchandise trade deficit, while reduced tourism inflows contributed to a 4.2% contraction in the services account surplus.

The merchandise trade deficit rose to an estimated \$316.5 million from \$294.8 million in the corresponding period in 2003, as an 11.6% increase in imports eclipsed export receipt gains of \$12.6 million (11.3%) to \$124.7 million. While non-oil merchandise imports grew marginally by \$5.2 million (1.5%) to \$347.7 million, ongoing global price pressures pushed the oil bill higher by \$41.8 million (65.8%) to \$105.4 million. Compared to the same period a year ago, the average per barrel cost of gas oil rose by 53.6% to \$45.58; jet fuel, by 13.0% to \$55.02; motor gas, by 3.9% to \$58.24 and propane, by 28.9% to \$39.91. However, declines were recorded in the per barrel price of aviation-gas by 2.2% to \$101.33 and for bunker 'c' fuel, by 35.5% to \$23.12.

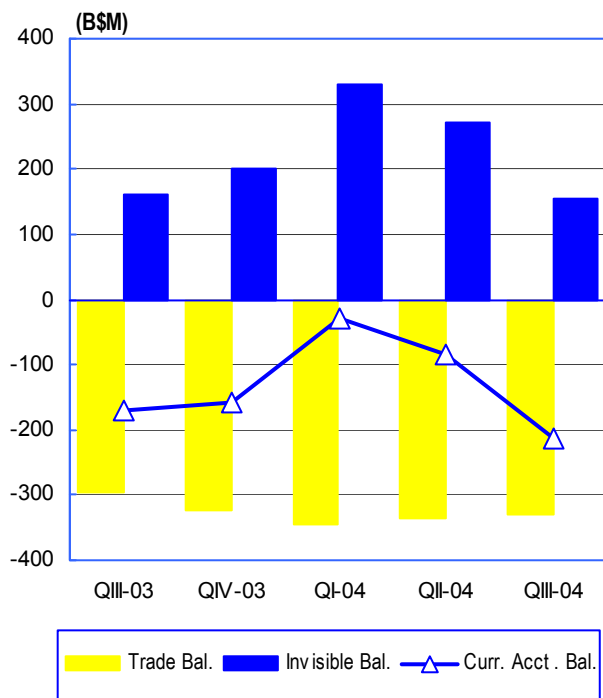
Led by a \$13.5 million (4.2%) reduction in estimated net travel inflows to \$308.7 million, the surplus on the services account narrowed by \$6.8 million (4.2%) to an estimated \$155.6 million. The outcome was also constrained by net outflows for Government services, which increased almost threefold to \$12.7 million. Net outflows for insurance services fell by a third to \$20.9 million and for construction services, by \$12.9 million (77.6%) to \$3.7 million, but were offset by increased net payments for “other” services of 14.4% to \$93.9 million. Meanwhile, net inflows under offshore companies’ local expenses rose by \$2.7 million (14.3%) to \$22.0 million.

offset by a halving in outflows under worker’s net remittances to \$1.0 million.

The capital and financial account switched to an estimated deficit of \$20.7 million, from last year’s surplus of \$202.7 million, which was dominated by the Government’s external financing operations. Migrants’ net transfers abroad rose by \$2.3 million (26.2%) to \$10.9 million, while the financial position recorded a net outflow of \$9.7 million vis-à-vis a net surplus of \$211.3 million last year. The latter corresponded to the reversal in the Government’s position, to a net debt repayment of \$1.9 million from a net borrowing of \$199.1 million in 2003. Also, public corporations’ net external debt repayment narrowed to \$0.8 million from \$5.8 million. Domestic banks’ net short-term capital outflow decreased to \$19.2 million from \$87.1 million in 2003, while net private foreign investment contracted to \$12.2 million from \$105.1 million. In particular, net real estate investment outflows of \$4.4 million contrasted with last year’s net inflow of \$29.0 million, and net direct equity investments narrowed to \$20.1 million from \$26.5 million. With the slowing in new inflows, private sector recorded a net loan repayment of \$3.5 million relative to a net borrowing of \$49.6 million in 2003.

Consequent on these developments and after adjusting for possible errors and omissions, the overall balance recorded an estimated deficit of \$43.3 million compared to a surplus of \$50.4 million in the year-earlier period.

Balance of Payments



Net income outflows rose by an estimated \$4.7 million (10.8%) to \$48.6 million. The net repatriation of investment income by banks and other private sector companies increased by \$9.0 million (28.1%) to \$40.9 million, with a partial offset provided by the 15.1% decline in net labour income remittances, to \$12.1 million. Net official interest receipts nearly doubled to \$4.5 million.

Under transfers, estimated current receipts improved moderately by 3.7% to \$7.7 million. Although net Government inflows fell by 7.6% to \$8.7 million, this was

INTERNATIONAL ECONOMIC DEVELOPMENTS

Preliminary estimates are that higher fuel costs contributed to slowed growth in most major industrial countries during the third quarter of 2004; albeit, prospects remained favourable for a continuation of output expansion in the short and medium term. The effects of oil prices were less marked in average inflation trends, which were moderated, while less stable but incremental employment gains were evident in most labour markets. In this context, the monetary policy stance of major central banks was not significantly altered however, tightening continued in the United States and the United

Kingdom. Nevertheless, energy cost concerns and less robust growth prospects caused some depreciation in equity prices on major bourses, while currency markets were dominated by the US dollar resumed downward slide, owing to the country's weak fiscal position and mounting trade imbalance. The dollar's weakness and high oil prices also contributed to the deterioration in most countries' external account position.

Oil price pressures and weaker exports exerted a drag on most major countries' growth during the third quarter. The United States was the exception, with estimated real GDP growth firming to an annualized 3.7%, after slackening to 3.3% in the second quarter. The performance benefited from strengthening household expenditures, higher government spending and an improved net export performance. In the United Kingdom, real output expansion slowed to an annualized 1.6% from 3.6% in the previous quarter, owing to a moderated gain in consumer spending, weakness in the housing markets and a downturn in industrial sector activity. For the Euro area, where the currency's appreciation against the US dollar reduced export competitiveness, declines in manufacturing and services sector activity resulted in an abatement in growth below the 2.0% posted in the second quarter. The outturn encompassed Germany's softer advance of 0.3% compared to 1.7% last period. The Japanese recovery also eased, with an annualized GDP growth of 0.4% compared to the previous period's 1.2% gain, based on stalled export growth and ongoing declines in public sector investments. In China, an important centre of demand for global trade, the domestic economy continued to expand at a robust but moderated pace of 9.1%, on a 12-month basis.

Employment conditions were marginally improved in the major industrialized countries during the third quarter, but with less sustained evidence of continued gains in the short-term. Fuelled by rising labour demand, the United States' average jobless rate fell to 5.4% from 5.6% of the workforce. For the euro zone, average unemployment eased to 8.9% from 9.0%, with Germany's rate, however, increased slightly to 10.7%. Inroads were also evident in the United Kingdom, where the average jobless rate edged lower to 4.7% from 4.8% of the workforce, which

contrasted with a firming in the Japanese rate to 4.8% 4.6%.

Average consumer price inflation trends in the major economies were mixed during the third quarter, with reduced influences from some consumer goods contrasting with mounting pressures from higher oil prices. In the United States, the annualized inflation rate fell to 0.6%, from the energy cost driven 4.8% run-up in the second quarter. Although annualized inflation in the euro area stabilized at 2.3%, incremental firming occurred in Germany, to 1.9%. In the United Kingdom, the quarterly uptrend in average retail prices was slightly firmer at 3.1% from 3.0% in the previous quarter, largely reflecting higher energy costs. However, Japan's consumer prices declined further during the third quarter, by an annualized 0.3%, after decreasing by 1.2% in the previous period.

In currency markets, the United States dollar depreciated marginally against most major currencies, with the country's current account and fiscal imbalances outweighing positive influences from higher interest rate expectations. The dollar was also buffeted by the lower than expected pace of US economic growth, and depreciated against the euro by 1.9% to €0.80; by 5.4% against the Canadian dollar, to C\$1.26 and by 0.2% against the Swiss Franc, to CHF1.25. Conversely, the US currency appreciated against the Japanese yen, by 1.2% to ¥110.05 and relative to the British pound, by 0.5% to £0.55.

Equity valuations on most major bourses softened during the third quarter, as investors responded negatively to weaker than expected growth trends, including constraints posed by high, unstable oil prices. In the United States, the Dow Jones Industrial Average Index (DJIA) declined by 3.4% to 10,080.3 points and the broader Standard and Poor's 500 Index, by 2.3% to 1,114.6 points. Similarly, Germany's DAX Index fell by 3.9% to 3,892.9 points; France's CAC 40 Index, by 2.5% to 3,640.6 points, and Japan's Nikkei 225 Index, by 8.7% to 10,823.6 points. Conversely, the United Kingdom's FTSE 100 Index appreciated by 2.4% to 4,570.8 points.

Commodity market developments were dominated by the sharp increase in oil prices attributed to a number of factors, including ongoing tensions in the Middle East and hurricane-related supply disruptions in the Gulf of

Mexico. Despite OPEC's implementation of a further 2.0% increase in its daily production ceiling to 26.0 million barrels per day in September and announcement of a further targeted increase of 3.8% for November, the per barrel price of Brent Sea crude oil rose by 38.2% to a record \$46.22 at quarter's end, well beyond the Cartel's target price band of \$22-\$28 per barrel. Given their hedge quality against volatility in other financial market prices, precious metal prices also firmed. The price of gold was higher by 6.1% at \$418.25 per troy ounce and silver, by 19.4% at \$6.89 per troy ounce.

On the monetary policy front, interest tightening continued at some major central banks, in response to increased inflation expectations, but at a pace unaltered by energy cost pressures. In the United States, the Federal Reserve hiked its primary credit (discount) rate and the target Federal Funds rate by 25 basis points in both August and September, to 2.75% and 1.75% respectively. The Bank of England also raised its repurchase rate, by 25 basis points to 4.75% in September, aimed at maintaining the inflation rate within the Bank's 2.0% target range over the medium term. However, the European Central Bank kept its refinancing rate at

2.00%, as medium term inflation expectations were still considered to be within the Bank's target range. In Japan, the official discount rate was maintained at the historic low of 0.1% for the eleventh consecutive quarter, while the Central Bank continued to pursue its policy of quantitative easing to ensure adequate liquidity support for the financial markets

In external sector developments, the effects of higher energy costs and the weak US currency caused some deterioration in most major countries' current account positions. For the United States, indications are that the estimated trade deficit widened by approximately 3.6% to \$155.7 billion, extending the projected current account deficit beyond the previous quarter's \$166.2 billion. Reflecting the weaker export competition in the broader euro area, Germany's third quarter trade surplus fell by 12.4% to €36.7 billion. For Japan, export weakening and a rising oil bill also caused the trade surplus to shrink below the second quarter's ¥3.7 trillion. Conversely, the United Kingdom's trade deficit was incrementally increased to £14.8 billion.

STATISTICAL APPENDIX

(Tables 1-16)

STATISTICAL APPENDIX

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|----------|--|
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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 | 1999 | | | 2000 | | | 2001 | | | 2002 | | | 2003 | | | 2004 | | |
|-------------------------------|-----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|------|------|-------|
| | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. |
| | (BS Millions) | | | | | | | | | | | | | | | | | |
| Net foreign assets | (50.5) | (86.6) | (234.5) | (207.7) | (178.6) | (291.1) | (357.3) | (209.9) | (123.1) | 14.4 | (144.0) | (34.0) | 65.4 | 41.2 | | | | |
| Central Bank | 404.0 | 342.6 | 312.4 | 380.1 | 460.7 | 406.8 | 373.2 | 444.5 | 472.5 | 522.9 | 484.1 | 593.2 | 652.5 | 609.1 | | | | |
| Commercial banks | (456.6) | (449.5) | (548.4) | (583.2) | (634.6) | (689.6) | (722.9) | (645.1) | (577.7) | (490.6) | (615.0) | (610.6) | (572.0) | (598.2) | | | | |
| Other local fin. institutions | 2.1 | 20.3 | 1.5 | (4.6) | (4.7) | (8.3) | (7.6) | (9.3) | (17.9) | (17.9) | (13.1) | (16.6) | (15.1) | 30.3 | | | | |
| Net domestic assets | 3,298.1 | 3,645.6 | 3,951.6 | 4,009.4 | 4,068.4 | 4,156.2 | 4,193.5 | 4,156.5 | 4,064.0 | 3,941.5 | 4,147.3 | 4,219.6 | 4,290.2 | 4,357.1 | | | | |
| Domestic credit | 3,824.6 | 4,278.6 | 4,677.3 | 4,725.5 | 4,809.2 | 4,891.9 | 4,940.4 | 4,952.4 | 4,883.2 | 4,758.4 | 4,974.0 | 5,044.8 | 5,144.6 | 5,253.9 | | | | |
| Public sector | 669.4 | 649.8 | 775.2 | 785.5 | 852.8 | 887.1 | 870.8 | 921.5 | 893.9 | 712.8 | 879.4 | 908.9 | 924.6 | 969.7 | | | | |
| Government (net) | 495.4 | 508.5 | 626.0 | 596.4 | 662.6 | 684.6 | 651.3 | 696.8 | 671.6 | 487.2 | 506.5 | 543.9 | 578.2 | 626.0 | | | | |
| Rest of public sector | 174.0 | 141.3 | 149.2 | 189.1 | 190.2 | 202.5 | 219.5 | 224.7 | 222.3 | 225.6 | 372.9 | 365.0 | 346.4 | 343.7 | | | | |
| Private sector | 3,155.2 | 3,628.8 | 3,902.1 | 3,940.0 | 3,956.4 | 4,004.8 | 4,069.6 | 4,030.9 | 3,989.3 | 4,045.6 | 4,094.6 | 4,135.9 | 4,220.0 | 4,284.2 | | | | |
| Other items (net) | (526.5) | (633.0) | (725.7) | (716.1) | (740.8) | (735.7) | (746.9) | (795.9) | (819.2) | (816.9) | (826.7) | (825.2) | (854.4) | (896.8) | | | | |
| Monetary liabilities | 3,247.6 | 3,559.0 | 3,717.1 | 3,801.7 | 3,889.8 | 3,865.1 | 3,836.2 | 3,946.6 | 3,940.9 | 3,955.9 | 4,003.3 | 4,185.6 | 4,355.6 | 4,398.3 | | | | |
| Money | 758.2 | 807.8 | 776.7 | 792.1 | 835.3 | 833.6 | 817.7 | 866.4 | 865.0 | 881.9 | 907.4 | 1,006.1 | 1,109.4 | 1,125.9 | | | | |
| Currency | 148.4 | 151.4 | 153.5 | 147.3 | 154.6 | 149.5 | 154.8 | 148.6 | 155.4 | 150.7 | 160.1 | 153.4 | 160.8 | 165.2 | | | | |
| Demand deposits | 609.8 | 656.4 | 623.2 | 644.8 | 680.7 | 684.1 | 662.9 | 717.8 | 709.6 | 731.2 | 747.3 | 852.7 | 948.6 | 960.7 | | | | |
| Quasi-money | 2,489.4 | 2,751.2 | 2,940.4 | 3,009.6 | 3,054.5 | 3,031.5 | 3,018.5 | 3,080.2 | 3,075.9 | 3,074.0 | 3,095.9 | 3,179.5 | 3,246.2 | 3,272.4 | | | | |
| Fixed deposits | 1,888.4 | 2,068.8 | 2,244.0 | 2,292.9 | 2,301.2 | 2,298.8 | 2,296.2 | 2,307.2 | 2,301.4 | 2,298.9 | 2,315.9 | 2,366.9 | 2,397.2 | 2,381.6 | | | | |
| Savings deposits | 548.0 | 596.1 | 604.6 | 629.2 | 651.3 | 640.2 | 630.7 | 647.5 | 670.8 | 674.0 | 678.8 | 710.6 | 741.2 | 754.3 | | | | |
| Foreign currency | 53.0 | 86.3 | 91.8 | 87.5 | 102.0 | 92.5 | 91.6 | 125.5 | 103.7 | 101.1 | 101.2 | 102.0 | 107.8 | 136.5 | | | | |
| | (percentage changes) | | | | | | | | | | | | | | | | | |
| Total domestic credit | 11.6 | 11.9 | 9.3 | 1.0 | 1.8 | 1.7 | 1.0 | 0.2 | (1.4) | (2.6) | 4.5 | 1.4 | 2.0 | 2.1 | | | | |
| Public sector | 13.7 | (2.9) | 19.3 | 1.3 | 8.6 | 4.0 | (1.8) | 5.8 | (3.0) | (20.3) | 23.4 | 3.4 | 1.7 | 4.9 | | | | |
| Government (net) | 9.5 | 2.6 | 23.1 | (4.7) | 11.1 | 3.3 | (4.9) | 7.0 | (3.6) | (27.5) | 4.0 | 7.4 | 6.3 | 8.3 | | | | |
| Rest of public sector | 27.7 | (18.8) | 5.6 | 26.7 | 0.6 | 6.5 | 8.4 | 2.4 | (1.1) | 1.5 | 65.3 | (2.1) | (5.1) | (0.8) | | | | |
| Private sector | 11.2 | 15.0 | 7.5 | 1.0 | 0.4 | 1.2 | 1.6 | (1.0) | (1.0) | 1.4 | 1.2 | 1.0 | 2.0 | 1.5 | | | | |
| Monetary liabilities | 11.8 | 9.6 | 4.4 | 2.3 | 2.3 | (0.6) | (0.7) | 2.9 | (0.1) | 0.4 | 1.2 | 4.6 | 3.5 | 5.0 | | | | |
| Money | 27.1 | 6.5 | (3.8) | 2.0 | 5.5 | (0.2) | (1.9) | 6.0 | (0.2) | 2.0 | 2.9 | 10.9 | 4.1 | 1.0 | | | | |
| Currency | 18.2 | 2.0 | 1.4 | (4.0) | 5.0 | (3.3) | 3.5 | (4.0) | 4.6 | (3.0) | 6.2 | (4.2) | 10.3 | 1.5 | | | | |
| Demand deposits | 29.5 | 7.6 | (5.1) | 3.5 | 5.6 | 0.5 | (3.1) | 8.3 | (1.1) | 3.0 | 2.2 | 14.1 | 4.8 | 2.7 | | | | |
| Quasi-money | 7.9 | 10.5 | 6.9 | 2.4 | 1.5 | (0.8) | (0.4) | 2.0 | (0.1) | (0.1) | 0.7 | 2.7 | 11.2 | 1.3 | | | | |

Source: The Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

| End of Period | 1999 | | | 2000 | | | 2001 | | | 2002 | | | 2003 | | | 2004 | | |
|------------------------------|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|------|------|-------|
| | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. |
| | (BS Millions) | | | | | | | | | | | | | | | | | |
| Net foreign assets | (52.6) | (106.9) | (236.0) | (203.1) | (173.9) | (282.8) | (349.7) | (200.6) | (105.2) | 32.3 | (130.9) | (17.4) | 80.5 | 10.9 | | | | |
| Central Bank | 404.0 | 342.6 | 312.4 | 380.1 | 460.7 | 406.8 | 373.2 | 444.5 | 472.5 | 522.9 | 484.1 | 593.2 | 652.5 | 609.1 | | | | |
| Commercial banks | (456.6) | (449.5) | (548.4) | (583.2) | (634.6) | (689.6) | (722.9) | (645.1) | (577.7) | (490.6) | (615.0) | (610.6) | (572.0) | (598.2) | | | | |
| Net domestic assets | 3,230.2 | 3,572.2 | 3,874.7 | 3,926.8 | 3,972.3 | 4,061.4 | 4,092.4 | 4,045.0 | 3,939.8 | 3,814.1 | 4,025.3 | 4,092.9 | 4,173.8 | 4,285.1 | | | | |
| Domestic credit | 3,736.8 | 4,158.4 | 4,553.8 | 4,596.9 | 4,674.3 | 4,752.1 | 4,793.2 | 4,800.3 | 4,731.4 | 4,607.0 | 4,822.8 | 4,896.8 | 5,001.6 | 5,111.5 | | | | |
| Public sector | 665.4 | 645.3 | 771.9 | 782.3 | 849.6 | 883.8 | 867.6 | 918.4 | 890.7 | 708.7 | 874.9 | 904.5 | 920.2 | 965.4 | | | | |
| Government (net) | 491.5 | 504.1 | 622.8 | 593.3 | 659.5 | 681.4 | 648.2 | 693.7 | 668.4 | 483.1 | 502.1 | 539.5 | 573.8 | 621.7 | | | | |
| Rest of public sector | 173.9 | 141.2 | 149.1 | 189.0 | 190.1 | 202.4 | 219.4 | 224.7 | 222.3 | 225.6 | 372.8 | 365.0 | 346.4 | 343.7 | | | | |
| Private sector | 3,071.4 | 3,513.1 | 3,781.9 | 3,814.6 | 3,824.7 | 3,868.3 | 3,925.6 | 3,881.9 | 3,840.7 | 3,898.3 | 3,947.9 | 3,992.3 | 4,081.4 | 4,146.1 | | | | |
| Other items (net) | (506.6) | (586.2) | (679.1) | (670.1) | (702.0) | (690.7) | (700.8) | (755.3) | (791.6) | (792.9) | (797.5) | (803.9) | (827.8) | (826.4) | | | | |
| Monetary liabilities | 3,177.6 | 3,465.3 | 3,638.7 | 3,723.7 | 3,798.4 | 3,778.6 | 3,742.7 | 3,844.4 | 3,834.6 | 3,846.4 | 3,894.4 | 4,075.5 | 4,254.3 | 4,296.0 | | | | |
| Money | 754.1 | 796.6 | 769.2 | 784.7 | 825.3 | 825.8 | 808.5 | 856.4 | 855.7 | 870.2 | 895.8 | 994.1 | 1,096.6 | 1,114.7 | | | | |
| Currency | 148.9 | 151.9 | 153.5 | 147.3 | 154.6 | 149.6 | 154.8 | 148.6 | 155.4 | 150.7 | 160.1 | 153.4 | 160.8 | 165.2 | | | | |
| Demand deposits | 605.2 | 644.7 | 615.7 | 637.4 | 670.7 | 676.2 | 653.7 | 707.8 | 700.3 | 719.5 | 735.7 | 840.7 | 935.8 | 949.5 | | | | |
| Quasi-money | 2,423.5 | 2,668.7 | 2,869.5 | 2,939.0 | 2,973.1 | 2,952.8 | 2,934.2 | 2,988.0 | 2,978.9 | 2,976.2 | 2,998.6 | 3,081.4 | 3,157.7 | 3,181.3 | | | | |
| Savings deposits | 545.5 | 593.4 | 604.3 | 628.9 | 651.0 | 639.9 | 630.4 | 647.2 | 670.5 | 673.7 | 678.5 | 710.3 | 741.0 | 754.1 | | | | |
| Fixed deposits | 1,825.1 | 1,989.0 | 2,173.4 | 2,222.6 | 2,220.1 | 2,220.5 | 2,212.2 | 2,215.3 | 2,204.7 | 2,201.4 | 2,218.8 | 2,269.1 | 2,308.9 | 2,290.7 | | | | |
| Foreign currency deposits | 52.9 | 86.3 | 91.8 | 87.5 | 102.0 | 92.4 | 91.6 | 125.5 | 103.7 | 101.1 | 101.3 | 102.0 | 107.8 | 136.5 | | | | |
| | (percentage change) | | | | | | | | | | | | | | | | | |
| Total domestic credit | 11.4 | 11.3 | 9.5 | 0.9 | 1.7 | 1.7 | 0.9 | 0.1 | (1.4) | (2.6) | 4.7 | 1.5 | 2.1 | 2.2 | | | | |
| Public sector | 13.6 | (3.0) | 19.6 | 1.3 | 8.6 | 4.0 | (1.8) | 5.9 | (3.0) | (20.4) | 23.5 | 3.4 | 1.7 | 4.9 | | | | |
| Government (net) | 9.4 | 2.6 | 23.5 | (4.7) | 11.2 | 3.3 | (4.9) | 7.0 | (3.6) | (27.7) | 3.9 | 7.4 | 6.4 | 8.3 | | | | |
| Rest of public sector | 27.6 | (18.8) | 5.6 | 26.8 | 0.6 | 6.5 | 8.4 | 2.4 | (1.1) | 1.5 | 65.2 | (2.1) | (5.1) | (0.8) | | | | |
| Private sector | 11.0 | 14.4 | 7.7 | 0.9 | 0.3 | 1.1 | 1.5 | (1.1) | (1.1) | 1.5 | 1.3 | 1.1 | 2.2 | 1.6 | | | | |
| Monetary liabilities | 11.1 | 9.1 | 5.0 | 2.3 | 2.0 | (0.5) | (1.0) | 2.7 | (0.3) | 0.3 | 1.2 | 4.7 | 3.0 | (0.2) | | | | |
| Money | 27.3 | 5.6 | (3.4) | 2.0 | 5.2 | 0.1 | (2.1) | 5.9 | (0.1) | 1.7 | 2.9 | 11.0 | 4.4 | 1.0 | | | | |
| Currency | 18.2 | 2.0 | 1.1 | (4.0) | 5.0 | (3.2) | 3.5 | (4.0) | 4.6 | (3.0) | 6.2 | (4.2) | 10.3 | 1.6 | | | | |
| Demand deposits | 29.8 | 6.5 | (4.5) | 3.5 | 5.2 | 0.8 | (3.3) | 8.3 | (1.1) | 2.7 | 2.3 | 14.3 | 4.8 | 2.7 | | | | |
| Quasi-money | 6.9 | 10.1 | 7.5 | 2.4 | 1.2 | (0.7) | (0.6) | 1.8 | (0.3) | (0.1) | 0.8 | 2.8 | 11.3 | 1.5 | | | | |

Source: The Central Bank of The Bahamas

TABLE 3
CENTRAL BANK BALANCE SHEET

| End of Period | 2001 | | | 2002 | | | 2003 | | | 2004 | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 1999 | 2000 | 2001 | Mar. | Jun. | Sept. | Dec. | Mar. | Jun. | Sept. | Dec. | Mar. | Jun. | Sept. |
| Net foreign assets | 404.0 | 342.6 | 312.4 | 380.1 | 460.7 | 406.8 | 373.2 | 444.5 | 472.5 | 522.9 | 484.1 | 593.2 | 652.5 | 609.1 |
| Balances with banks abroad | 180.6 | 119.3 | 44.5 | 100.5 | 180.8 | 147.7 | 126.3 | 177.3 | 195.3 | 221.1 | 183.5 | 279.6 | 318.7 | 253.3 |
| Foreign securities | 214.8 | 215.1 | 260.0 | 271.8 | 271.5 | 250.8 | 238.3 | 258.6 | 268.3 | 292.8 | 291.3 | 304.3 | 324.6 | 346.6 |
| Reserve position in the Fund | 8.6 | 8.1 | 7.8 | 7.8 | 8.3 | 8.3 | 8.5 | 8.6 | 8.8 | 8.9 | 9.3 | 9.3 | 9.2 | 9.2 |
| SDR holdings | -- | 0.1 | 0.1 | -- | 0.1 | -- | 0.1 | -- | 0.1 | 0.1 | -- | -- | -- | -- |
| Net domestic assets | (16.6) | 31.4 | 107.5 | 66.5 | 52.1 | 71.8 | 92.0 | 43.3 | 11.2 | (51.1) | 15.3 | (24.1) | (90.4) | (101.6) |
| Net claims on government | 69.8 | 120.7 | 187.4 | 160.7 | 141.0 | 157.5 | 172.9 | 158.7 | 109.6 | 77.9 | 108.4 | 118.0 | 106.0 | 123.3 |
| Claims | 73.0 | 128.5 | 189.7 | 162.7 | 148.2 | 167.5 | 182.4 | 167.6 | 117.4 | 85.6 | 114.8 | 122.1 | 116.6 | 131.0 |
| Treasury bills | 13.9 | 66.2 | 98.8 | 57.7 | 38.7 | 60.6 | 72.0 | 62.9 | 7.0 | -- | -- | -- | -- | -- |
| Bahamas registered stock | 5.6 | 8.8 | 34.0 | 38.8 | 42.1 | 39.5 | 38.6 | 37.9 | 44.6 | 48.6 | 43.8 | 51.1 | 45.6 | 60.0 |
| Loans and advances | 53.5 | 53.5 | 56.9 | 66.2 | 67.4 | 67.4 | 71.8 | 66.8 | 65.8 | 37.0 | 71.0 | 71.0 | 71.0 | 71.0 |
| Deposits | (3.2) | (7.8) | (2.3) | (2.0) | (7.2) | (10.0) | (9.5) | (8.9) | (7.8) | (7.7) | (6.4) | (4.1) | (10.6) | (7.7) |
| In local currency | (3.2) | (7.8) | (2.3) | (2.0) | (7.2) | (10.0) | (9.5) | (8.9) | (7.8) | (7.7) | (6.4) | (4.1) | (10.6) | (7.7) |
| In foreign currency | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Deposits of rest of public sector | (17.4) | (14.8) | (10.3) | (25.9) | (21.6) | (16.2) | (10.1) | (45.7) | (30.0) | (59.4) | (21.6) | (73.9) | (128.9) | (154.4) |
| Credit to commercial banks | 0.2 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Official capital and surplus | (90.7) | (98.0) | (94.3) | (96.6) | (95.1) | (97.6) | (98.3) | (99.7) | (97.3) | (97.5) | (97.3) | (98.8) | (97.2) | (97.5) |
| Net unclassified assets | 13.6 | 15.1 | 16.8 | 20.4 | 20.1 | 20.4 | 19.9 | 22.4 | 21.4 | 20.5 | 18.5 | 23.4 | 22.5 | 19.8 |
| Loans to rest of public sector | 6.5 | 7.6 | 7.1 | 7.1 | 6.9 | 6.9 | 6.7 | 6.7 | 6.6 | 6.5 | 6.4 | 6.3 | 6.2 | 6.2 |
| Public Corp Bonds/Securities | 1.4 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 1.0 | 1.0 |
| Liabs. to Commercial Banks & OLFIs | (225.0) | (209.3) | (253.6) | (286.5) | (344.6) | (315.5) | (296.5) | (325.1) | (314.0) | (306.5) | (324.2) | (400.6) | (386.2) | (327.3) |
| Notes and coins | (74.7) | (64.4) | (64.9) | (45.3) | (40.2) | (43.2) | (66.3) | (43.8) | (42.9) | (51.0) | (79.6) | (62.5) | (63.2) | (60.3) |
| Deposits | (150.3) | (144.9) | (188.7) | (241.2) | (304.4) | (272.3) | (230.2) | (281.3) | (271.1) | (255.5) | (244.6) | (338.1) | (323.0) | (267.0) |
| SDR allocation | (14.0) | (13.3) | (12.8) | (12.8) | (13.6) | (13.6) | (13.9) | (14.1) | (14.3) | (14.6) | (15.2) | (15.1) | (15.1) | (15.0) |
| Currency held by the private sector | (148.4) | (151.4) | (153.5) | (147.3) | (154.6) | (149.5) | (154.8) | (148.6) | (155.4) | (150.7) | (160.1) | (153.4) | (160.8) | (165.2) |

Source: The Central Bank of The Bahamas

TABLE 4
COMMERCIAL BANKS BALANCE SHEET

| End of Period | (B\$ Millions) | | | | | | | | | | | | | | | | | |
|--------------------------------------|----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|-------|------|--|--|
| | 1999 | | | 2000 | | | 2001 | | | 2002 | | | 2003 | | | 2004 | | |
| | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | | | |
| Net foreign assets | (456.6) | (449.5) | (548.4) | (583.2) | (634.6) | (689.6) | (722.9) | (645.1) | (577.7) | (490.6) | (615.0) | (610.6) | (572.0) | (598.2) | | | | |
| Net claims on Central Bank | 225.4 | 207.1 | 248.7 | 279.4 | 339.2 | 310.1 | 291.2 | 317.9 | 308.0 | 300.1 | 316.8 | 394.0 | 379.3 | 321.2 | | | | |
| Notes and Coins | 74.2 | 63.9 | 64.9 | 45.3 | 40.2 | 43.2 | 66.3 | 43.9 | 42.9 | 51.0 | 79.6 | 62.5 | 63.2 | 60.3 | | | | |
| Balances | 152.0 | 144.0 | 184.6 | 234.9 | 299.8 | 267.7 | 225.7 | 274.8 | 265.9 | 249.9 | 238.0 | 332.3 | 316.9 | 261.7 | | | | |
| Less Central Bank credit | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | | | | |
| Net domestic assets | 3,026.5 | 3,244.3 | 3,421.3 | 3,509.5 | 3,568.3 | 3,635.4 | 3,653.8 | 3,632.9 | 3,599.6 | 3,542.6 | 3,698.2 | 3,758.7 | 3,880.3 | 3,977.0 | | | | |
| Net claims on government | 421.7 | 383.4 | 435.4 | 432.6 | 518.5 | 523.9 | 475.3 | 535.0 | 558.8 | 405.2 | 393.7 | 421.5 | 467.8 | 498.5 | | | | |
| Treasury bills | 93.4 | 49.9 | 63.5 | 93.8 | 106.8 | 72.9 | 38.8 | 45.0 | 69.5 | 71.9 | 47.6 | 73.0 | 88.8 | 96.2 | | | | |
| Other securities | 327.4 | 315.3 | 314.2 | 302.5 | 312.7 | 326.5 | 338.1 | 338.3 | 350.0 | 369.2 | 365.2 | 364.2 | 364.9 | 392.4 | | | | |
| Loans and advances | 68.4 | 89.0 | 115.4 | 98.2 | 179.8 | 201.6 | 170.0 | 219.6 | 214.1 | 45.6 | 74.5 | 81.3 | 111.2 | 115.6 | | | | |
| Less: deposits | 67.5 | 70.8 | 57.7 | 61.9 | 80.8 | 77.1 | 71.6 | 67.9 | 74.8 | 81.5 | 93.6 | 97.0 | 97.1 | 105.7 | | | | |
| Net claims on rest of public sector | (50.0) | (163.8) | (212.1) | (163.6) | (166.9) | (162.3) | (143.9) | (127.2) | (104.5) | (65.9) | 53.0 | 51.6 | 62.2 | 60.0 | | | | |
| Securities | 8.5 | 6.9 | 8.0 | 9.8 | 9.8 | 9.8 | 9.3 | 8.2 | 8.6 | 19.7 | 18.6 | 21.3 | 21.3 | 21.3 | | | | |
| Loans and advances | 157.5 | 125.9 | 133.2 | 171.3 | 172.6 | 184.9 | 202.5 | 208.9 | 206.2 | 198.5 | 347.0 | 336.4 | 317.9 | 315.2 | | | | |
| Less: deposits | 216.0 | 296.6 | 353.3 | 344.7 | 349.3 | 357.0 | 355.7 | 344.3 | 319.3 | 284.1 | 312.6 | 306.1 | 277.0 | 276.5 | | | | |
| Net claims on OLFs. | (19.4) | (10.1) | (0.8) | (2.7) | (7.4) | 15.7 | 16.3 | 11.8 | 6.2 | -- | 1.2 | (8.3) | (5.8) | 39.9 | | | | |
| Credit to the private sector | 3,071.4 | 3,513.1 | 3,781.9 | 3,814.6 | 3,824.7 | 3,868.3 | 3,925.6 | 3,881.9 | 3,840.7 | 3,898.3 | 3,947.9 | 3,992.3 | 4,081.4 | 4,146.1 | | | | |
| Securities | 5.3 | 6.9 | 6.3 | 6.7 | 6.7 | 7.9 | 7.4 | 7.4 | 7.3 | 9.7 | 16.3 | 12.9 | 12.9 | 11.3 | | | | |
| Loans and advances | 3,066.1 | 3,506.2 | 3,775.6 | 3,807.9 | 3,818.0 | 3,860.4 | 3,918.2 | 3,874.5 | 3,833.4 | 3,888.6 | 3,931.6 | 3,979.4 | 4,068.5 | 4,134.8 | | | | |
| Private capital and surplus | (415.3) | (509.9) | (592.8) | (591.6) | (612.1) | (626.4) | (660.4) | (692.0) | (695.0) | (907.9) | (974.5) | (982.0) | (1,014.5) | (1,025.0) | | | | |
| Net unclassified assets | 18.1 | 31.6 | 9.7 | 20.2 | 11.5 | 16.2 | 40.9 | 23.4 | (6.6) | 212.9 | 276.9 | 283.6 | 289.2 | 257.5 | | | | |
| Liabilities to private sector | 2,795.3 | 3,001.9 | 3,121.6 | 3,205.7 | 3,272.9 | 3,255.9 | 3,222.1 | 3,305.7 | 3,329.9 | 3,352.1 | 3,400.0 | 3,542.1 | 3,687.6 | 3,700.0 | | | | |
| Demand deposits | 601.8 | 669.6 | 661.9 | 658.0 | 703.3 | 695.0 | 681.3 | 717.9 | 717.1 | 711.9 | 754.6 | 809.2 | 858.9 | 867.1 | | | | |
| Savings deposits | 544.5 | 596.9 | 606.2 | 630.9 | 653.4 | 643.6 | 634.3 | 651.0 | 674.4 | 676.4 | 681.9 | 713.8 | 745.4 | 761.6 | | | | |
| Fixed deposits | 1,649.0 | 1,735.4 | 1,853.5 | 1,916.8 | 1,916.2 | 1,917.3 | 1,906.5 | 1,936.8 | 1,938.4 | 1,963.8 | 1,963.5 | 2,019.1 | 2,083.3 | 2,071.3 | | | | |

Source: The Central Bank of The Bahamas

TABLE 5
OTHER LOCAL FINANCIAL INSTITUTIONS BALANCE SHEET

| End of Period | (B\$ Millions) | | | | | | | | | | | | | | | | | |
|--------------------------------------|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------|-------|------|------|-------|
| | 1999 | | | 2000 | | | 2001 | | | 2002 | | | 2003 | | | 2004 | | |
| | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. |
| Net foreign assets | 2.1 | 20.3 | 1.5 | (4.6) | (4.7) | (8.3) | (7.6) | (9.3) | (17.9) | (13.1) | (16.6) | (15.1) | 30.3 | | | | | |
| Net claims on Central Bank | 4.1 | (4.8) | 4.0 | 4.2 | 4.3 | (0.5) | 4.6 | 4.9 | 5.3 | 5.6 | 5.7 | 5.8 | 5.2 | | | | | |
| Notes and Coins | 0.5 | 0.5 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | | | |
| Balances | 3.6 | 4.7 | 4.0 | 4.2 | 4.3 | 4.5 | 4.6 | 4.9 | 5.3 | 5.6 | 5.7 | 5.8 | 5.2 | | | | | |
| Less Central Bank credit | -- | 10.0 | -- | -- | -- | 5.0 | -- | -- | -- | -- | -- | -- | -- | | | | | |
| Net domestic assets | 63.3 | 77.7 | 72.8 | 78.4 | 91.8 | 95.3 | 96.5 | 106.6 | 118.9 | 116.4 | 120.9 | 110.7 | 66.7 | | | | | |
| Net claims on government | 3.9 | 4.4 | 3.2 | 3.1 | 3.1 | 3.2 | 3.1 | 3.1 | 3.2 | 4.1 | 4.4 | 4.4 | 4.3 | | | | | |
| Treasury bills | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | | | |
| Other securities | 3.9 | 4.4 | 3.2 | 3.1 | 3.1 | 3.2 | 3.1 | 3.1 | 3.2 | 4.1 | 4.4 | 4.4 | 4.3 | | | | | |
| Loans and advances | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | | | |
| Less: deposits | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | | | |
| Net claims on rest of public sector | (0.9) | (0.9) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | -- | -- | -- | -- | -- | -- | | | | | |
| Securities | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | -- | -- | -- | -- | -- | -- | | | | | |
| Loans and advances | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | | | |
| Less: deposits | 1.0 | 1.0 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | | | |
| Net claims on commercial banks | 17.4 | 12.4 | 1.6 | (0.4) | 5.5 | (9.0) | (12.9) | (13.8) | (4.1) | (3.0) | 4.4 | (9.4) | (49.9) | | | | | |
| Credit to the private sector | 83.8 | 115.7 | 120.2 | 125.4 | 131.7 | 136.5 | 144.0 | 149.0 | 148.6 | 147.2 | 143.6 | 138.6 | 138.1 | | | | | |
| Securities | 0.4 | 4.2 | 2.7 | 3.0 | 3.1 | 2.9 | 2.7 | 2.1 | 2.0 | 3.0 | 4.4 | 4.2 | 4.5 | | | | | |
| Mortgages | 67.0 | 90.5 | 110.4 | 115.5 | 121.2 | 126.0 | 134.4 | 139.9 | 139.9 | 137.6 | 130.7 | 125.1 | 124.5 | | | | | |
| Loans and advances | 16.4 | 21.0 | 7.1 | 6.9 | 7.4 | 7.6 | 6.9 | 7.0 | 6.7 | 6.6 | 8.5 | 9.3 | 9.1 | | | | | |
| Private capital and surplus | (56.1) | (66.9) | (68.4) | (67.8) | (64.0) | (60.2) | (62.5) | (62.3) | (52.0) | (50.1) | (56.4) | (55.5) | (58.2) | | | | | |
| Net unclassified assets | 15.2 | 13.0 | 16.1 | 18.0 | 15.4 | 24.7 | 24.7 | 30.6 | 23.2 | 23.6 | 24.9 | 32.6 | 32.4 | | | | | |
| Liabilities to private sector | 69.5 | 93.2 | 78.3 | 78.0 | 91.4 | 86.5 | 93.5 | 102.2 | 106.3 | 109.5 | 110.0 | 101.3 | 102.3 | | | | | |
| Demand deposits | 4.6 | 11.7 | 7.5 | 7.5 | 10.1 | 7.8 | 9.2 | 10.0 | 9.3 | 11.8 | 12.0 | 12.8 | 11.2 | | | | | |
| Savings deposits | 2.5 | 2.7 | 0.2 | 0.2 | 0.2 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | | | | | |
| Fixed deposits | 62.4 | 78.8 | 70.6 | 70.3 | 81.1 | 78.3 | 84.0 | 91.9 | 96.7 | 97.4 | 97.8 | 88.3 | 90.9 | | | | | |

Source: The Central Bank of The Bahamas

TABLE 6
PROFIT AND LOSS ACCOUNTS OF BANKS IN THE BAHAMAS*

| Period | (B\$'000s) | | | | | | | | | | | | | | | | |
|---|------------|---------|----------|---------|---------|---------|----------|---------|---------|---------|----------|---------|---------|---------|--------|---------|--|
| | 1999 | | | 2000 | | | 2001 | | | 2002 | | | 2003 | | | 2004 | |
| | 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. I | Qtr. II | |
| 1. Interest Income | 362,402 | 413,531 | 447,572 | 109,442 | 109,521 | 103,826 | 108,875 | 105,343 | 110,339 | 110,420 | 108,997 | 112,236 | 116,611 | | | | |
| 2. Interest Expense | 144,698 | 133,850 | 146,688 | 40,630 | 41,602 | 37,542 | 40,118 | 38,825 | 42,002 | 42,257 | 40,987 | 41,140 | 43,376 | | | | |
| 3. Interest Margin (1-2) | 217,704 | 279,681 | 300,884 | 68,812 | 67,919 | 66,284 | 68,757 | 66,518 | 68,337 | 68,163 | 68,010 | 71,096 | 73,235 | | | | |
| 4. Commission & Forex Income | 22,779 | 23,561 | 24,401 | 5,844 | 5,946 | 5,580 | 5,998 | 5,995 | 6,109 | 6,466 | 4,881 | 7,417 | 6,463 | | | | |
| 5. Gross Earnings Margin (3+4) | 240,483 | 303,242 | 325,285 | 74,656 | 73,865 | 71,864 | 74,755 | 72,513 | 74,446 | 74,629 | 72,891 | 78,513 | 79,698 | | | | |
| 6. Staff Costs | 93,338 | 101,771 | 105,518 | 24,376 | 26,643 | 25,422 | 34,627 | 31,003 | 27,084 | 29,128 | 27,603 | 27,251 | 27,796 | | | | |
| 7. Occupancy Costs | 14,892 | 17,180 | 18,412 | 3,693 | 3,866 | 4,732 | 3,758 | 4,543 | 4,734 | 4,545 | 4,763 | 5,025 | 3,918 | | | | |
| 8. Other Operating Costs | 45,282 | 45,734 | 51,792 | 14,936 | 10,893 | 11,288 | 11,253 | 10,759 | 11,138 | 12,145 | 18,140 | 12,888 | 13,107 | | | | |
| 9. Operating Costs (6+7+8) | 153,512 | 164,685 | 175,722 | 43,005 | 41,402 | 41,442 | 49,638 | 46,305 | 42,956 | 45,818 | 50,506 | 45,164 | 44,821 | | | | |
| 10. Net Earnings Margin (5-9) | 86,971 | 138,557 | 149,563 | 31,651 | 32,463 | 30,422 | 25,117 | 26,208 | 31,490 | 28,811 | 22,385 | 33,349 | 34,877 | | | | |
| 11. Depreciation Costs | 11,676 | 10,896 | 10,848 | 3,195 | 2,170 | 2,413 | 2,682 | 2,516 | 2,684 | 12,433 | 5,170 | 5,286 | 5,180 | | | | |
| 12. Provisions for Bad Debt | 18,416 | 27,431 | 33,096 | 7,723 | 5,315 | 8,115 | 8,404 | 8,774 | 6,405 | 12,641 | 10,742 | 7,323 | 10,270 | | | | |
| 13. Other Income | 47,985 | 58,384 | 58,421 | 15,373 | 14,106 | 14,105 | 20,271 | 18,716 | 17,828 | 18,533 | 20,592 | 17,960 | 19,047 | | | | |
| 14. Other Income (Net) (13-11-12) | 17,893 | 20,057 | 14,477 | 4,455 | 6,621 | 3,577 | 9,185 | 7,426 | 8,739 | (6,541) | 4,680 | 5,351 | 3,597 | | | | |
| 15. Net Income (10+14) | 104,864 | 158,614 | 164,040 | 36,106 | 39,084 | 33,999 | 34,302 | 33,634 | 40,229 | 22,270 | 27,065 | 38,700 | 38,474 | | | | |
| 16. Effective Interest Rate Spread (%) | 6.45 | 5.74 | 6.31 | 6.12 | 6.00 | 5.96 | 6.40 | 5.92 | 5.96 | 6.04 | 6.04 | 6.20 | 6.32 | | | | |

(Ratios To Average Assets)

| | | | | | | | | | | | | | |
|---------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Interest Margin | 5.18 | 6.07 | 6.07 | 5.20 | 5.03 | 4.80 | 4.94 | 4.70 | 4.81 | 4.69 | 4.62 | 4.71 | 4.73 |
| Commission & Forex Income | 0.54 | 0.52 | 0.50 | 0.44 | 0.44 | 0.40 | 0.43 | 0.42 | 0.43 | 0.44 | 0.33 | 0.49 | 0.42 |
| Gross Earnings Margin | 5.72 | 6.59 | 6.56 | 5.64 | 5.47 | 5.21 | 5.37 | 5.12 | 5.24 | 5.13 | 4.95 | 5.20 | 5.15 |
| Operating Costs | 3.65 | 3.58 | 3.55 | 3.25 | 3.07 | 3.00 | 3.56 | 3.27 | 3.03 | 3.15 | 3.43 | 2.99 | 2.90 |
| Net Earnings Margin | 2.07 | 3.01 | 3.02 | 2.39 | 2.41 | 2.21 | 1.80 | 1.85 | 2.22 | 1.98 | 1.52 | 2.21 | 2.25 |
| Net Income | 2.50 | 3.44 | 3.31 | 2.73 | 2.90 | 2.46 | 2.46 | 2.37 | 2.83 | 1.53 | 1.84 | 2.56 | 2.49 |

*Commercial Banks and OLFIs with domestic operations

Source: The Central Bank of The Bahamas

TABLE 7
MONEY SUPPLY

(B\$ Millions)

| End of Period | 1999 | | | 2000 | | | 2001 | | | 2002 | | | 2003 | | | 2004 | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|------|------|-------|
| | | | | | | | | | | | | | | | | | | |
| | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. |
| Money supply (M1) | 758.2 | 807.8 | 776.7 | 792.1 | 835.3 | 833.6 | 817.7 | 866.4 | 865.0 | 881.9 | 907.4 | 1,006.1 | 1,109.4 | 1,125.9 | | | | |
| 1) Currency in active circulation | 148.4 | 151.4 | 153.5 | 147.3 | 154.6 | 149.5 | 154.8 | 148.6 | 155.4 | 150.7 | 160.1 | 153.4 | 160.8 | 165.2 | | | | |
| 2) Demand deposits | 609.8 | 656.4 | 623.2 | 644.8 | 680.7 | 684.1 | 662.9 | 717.8 | 709.6 | 731.2 | 747.3 | 852.7 | 948.6 | 960.7 | | | | |
| Central Bank | 17.4 | 14.8 | 10.3 | 25.9 | 21.6 | 16.2 | 10.1 | 45.7 | 30.0 | 59.5 | 21.7 | 73.9 | 128.9 | 154.4 | | | | |
| Commercial banks | 587.8 | 629.9 | 605.3 | 611.4 | 649.0 | 660.1 | 643.6 | 662.1 | 670.3 | 660.0 | 714.0 | 766.8 | 806.9 | 795.1 | | | | |
| OLFIs | 4.6 | 11.7 | 7.6 | 7.5 | 10.1 | 7.8 | 9.2 | 10.0 | 9.3 | 11.7 | 11.6 | 12.0 | 12.8 | 11.2 | | | | |
| Factors affecting changes in money (M1) | | | | | | | | | | | | | | | | | | |
| 1) Net credit to government | 495.4 | 508.5 | 626.0 | 596.4 | 662.6 | 684.6 | 651.3 | 696.8 | 671.6 | 487.2 | 506.5 | 543.9 | 578.2 | 626.0 | | | | |
| Central Bank | 69.8 | 120.7 | 187.4 | 160.7 | 141.0 | 157.5 | 172.9 | 158.7 | 109.6 | 77.9 | 108.4 | 118.0 | 106.0 | 123.2 | | | | |
| Commercial banks | 421.7 | 383.4 | 435.4 | 432.6 | 518.5 | 523.9 | 475.3 | 535.0 | 558.8 | 405.2 | 393.7 | 421.5 | 467.8 | 498.5 | | | | |
| OLFIs | 3.9 | 4.4 | 3.2 | 3.1 | 3.1 | 3.2 | 3.1 | 3.1 | 3.2 | 4.1 | 4.4 | 4.4 | 4.4 | 4.3 | | | | |
| 2) Other credit | 3,329.2 | 3,770.1 | 4,051.3 | 4,129.1 | 4,146.6 | 4,207.3 | 4,289.1 | 4,255.6 | 4,211.6 | 4,271.1 | 4,467.5 | 4,500.9 | 4,566.4 | 4,627.9 | | | | |
| Rest of public sector | 174.0 | 141.3 | 149.2 | 189.1 | 190.2 | 202.5 | 219.5 | 224.7 | 222.3 | 225.6 | 372.9 | 365.0 | 346.4 | 343.7 | | | | |
| Private sector | 3,155.2 | 3,628.8 | 3,902.1 | 3,940.0 | 3,956.4 | 4,004.8 | 4,069.6 | 4,030.9 | 3,989.3 | 4,045.5 | 4,094.6 | 4,135.9 | 4,220.0 | 4,284.2 | | | | |
| 3) External reserves | 404.0 | 342.6 | 312.4 | 380.1 | 460.7 | 406.8 | 373.2 | 444.5 | 472.5 | 522.9 | 484.1 | 593.2 | 652.5 | 609.1 | | | | |
| 4) Other external liabilities (net) | (454.5) | (429.2) | (546.9) | (587.8) | (639.3) | (697.9) | (730.5) | (654.4) | (595.6) | (508.5) | (628.1) | (627.2) | (587.1) | (567.9) | | | | |
| 5) Quasi money | 2,489.4 | 2,751.2 | 2,940.4 | 3,009.6 | 3,054.5 | 3,031.5 | 3,018.5 | 3,080.2 | 3,075.9 | 3,074.0 | 3,095.9 | 3,179.5 | 3,246.2 | 3,272.4 | | | | |
| 6) Other items (net) | (526.5) | (633.0) | (725.7) | (716.1) | (740.8) | (735.7) | (746.9) | (795.9) | (819.2) | (816.9) | (826.7) | (825.2) | (854.4) | (896.8) | | | | |

Source: The Central Bank of The Bahamas

TABLE 8
CONSUMER INSTALMENT CREDIT

(B\$' 000)

| End of Period | 2001 | | | 2002 | | | 2003 | | | 2004 | | | | |
|-----------------------------------|--------------|------------------|--------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|------------|------------------|
| | Add-on | Demand* | Add-on | Demand* | Add-on | Demand* | Add-on | Demand* | Add-on | Demand* | Add-on | Demand* | | |
| | | | | | | | | | | | | | Sept. | Dec. | Mar. | Jun. | Sept. |
| CREDIT OUTSTANDING | | | | | | | | | | | | | | |
| Private cars | 405 | 270,662 | 201 | 244,977 | 27 | 223,320 | 19 | 221,315 | 8 | 218,505 | 8 | 220,306 | 8 | 215,144 |
| Taxis & rented cars | -- | 2,251 | -- | 1,976 | -- | 2,010 | -- | 2,054 | -- | 1,835 | -- | 1,714 | -- | 2,274 |
| Commercial vehicles | 8 | 4,385 | -- | 4,513 | -- | 4,082 | -- | 4,254 | -- | 4,312 | -- | 4,672 | -- | 4,948 |
| Furnishings & domestic appliances | 7 | 17,514 | 2 | 14,529 | -- | 12,584 | -- | 12,727 | -- | 12,472 | -- | 12,886 | -- | 12,693 |
| Travel | 25 | 43,391 | 13 | 43,122 | -- | 40,814 | -- | 40,815 | -- | 38,790 | -- | 40,191 | -- | 42,648 |
| Education | 16 | 49,569 | 8 | 59,479 | -- | 51,936 | -- | 49,903 | -- | 49,646 | -- | 49,751 | -- | 51,570 |
| Medical | 22 | 13,304 | 10 | 14,308 | -- | 13,892 | -- | 13,662 | -- | 13,525 | -- | 13,844 | -- | 13,568 |
| Home Improvements | 180 | 126,542 | 99 | 111,702 | 65 | 108,348 | 64 | 109,232 | 9 | 107,272 | 8 | 105,688 | 5 | 108,050 |
| Land Purchases | 61 | 95,251 | 34 | 110,441 | 4 | 117,191 | 3 | 120,262 | 2 | 130,164 | 1 | 136,291 | -- | 145,312 |
| Consolidation of debt | 501 | 356,914 | 256 | 350,686 | 123 | 348,581 | 113 | 343,547 | 83 | 346,844 | 48 | 347,368 | 45 | 349,057 |
| Miscellaneous | 237 | 340,739 | 99 | 342,527 | 20 | 337,723 | 18 | 334,249 | 17 | 334,922 | 16 | 348,062 | 16 | 362,163 |
| Credit Cards | -- | 137,768 | -- | 158,784 | -- | 162,388 | -- | 148,265 | -- | 145,868 | -- | 147,786 | -- | 154,444 |
| TOTAL | 1,462 | 1,458,290 | 722 | 1,457,044 | 239 | 1,422,869 | 217 | 1,400,285 | 119 | 1,404,155 | 81 | 1,428,559 | 74 | 1,461,871 |
| NET CREDIT EXTENDED | | | | | | | | | | | | | | |
| Private cars | (198) | (13,704) | (204) | (25,685) | (17) | (5,705) | (8) | (2,005) | (11) | (2,810) | -- | 1,801 | -- | (5,162) |
| Taxis & rented cars | -- | 129 | -- | (275) | -- | 19 | -- | 44 | -- | (219) | -- | (121) | -- | 560 |
| Commercial vehicles | (1) | (527) | (8) | 128 | -- | 50 | -- | 172 | -- | 58 | -- | 360 | -- | 276 |
| Furnishings & domestic appliances | (33) | (40) | (5) | (2,985) | -- | (390) | -- | 143 | -- | (255) | -- | 414 | -- | (193) |
| Travel | (27) | (1,286) | (12) | (269) | -- | 3,310 | -- | 1 | -- | (2,025) | -- | 1,401 | -- | 2,457 |
| Education | (14) | 16,601 | (8) | 9,910 | -- | 4,610 | -- | (2,033) | -- | (257) | -- | 105 | -- | 1,819 |
| Medical | (8) | 529 | (12) | 1,004 | -- | 89 | -- | (230) | -- | (137) | -- | 319 | -- | (276) |
| Home Improvements | (117) | 4,976 | (81) | (14,840) | (2) | (633) | (1) | 884 | (55) | (1,960) | (1) | (1,584) | (3) | 2,362 |
| Land Purchases | (46) | 3,690 | (27) | 15,190 | (1) | 1,746 | (1) | 3,071 | (1) | 9,902 | (1) | 6,127 | (1) | 9,021 |
| Consolidation of debt | (212) | 3,444 | (245) | (6,228) | (8) | (2,172) | (10) | (5,034) | (30) | 3,297 | (35) | 524 | (3) | 1,689 |
| Miscellaneous | (183) | 27,274 | (138) | 1,788 | (20) | 6,326 | (2) | (3,474) | (1) | 673 | (1) | 13,140 | -- | 14,101 |
| Credit Cards | -- | 6,467 | -- | 21,016 | -- | 7,384 | -- | (14,123) | -- | (2,397) | -- | 1,918 | -- | 6,658 |
| TOTAL | (839) | 47,553 | (740) | (1,246) | (48) | 14,634 | (22) | (22,584) | (98) | 3,870 | (38) | 24,404 | (7) | 33,312 |

Source: The Central Bank of The Bahamas

* Includes Consumer Credit previously reported under Personal Loans

TABLE 9
SELECTED AVERAGE INTEREST RATES

| Period | 2001 | | | 2002 | | | 2003 | | | 2004 | | |
|--------------------------------|--------|---------|----------|--------|---------|----------|--------|---------|----------|--------|---------|----------|
| | Qtr. I | Qtr. II | Qtr. III | Qtr. I | Qtr. II | Qtr. III | Qtr. I | Qtr. II | Qtr. III | Qtr. I | Qtr. II | Qtr. III |
| COMMERCIAL BANKS | | | | | | | | | | | | |
| Deposit rates | | | | | | | | | | | | |
| Savings deposits | 2.69 | 2.77 | 2.66 | 2.78 | 2.82 | 2.73 | 2.74 | 2.72 | 2.56 | 2.60 | 2.80 | 2.48 |
| Fixed deposits | | | | | | | | | | | | |
| Up to 3 months | 4.19 | 4.04 | 3.81 | 4.15 | 3.89 | 3.83 | 3.95 | 3.76 | 3.71 | 3.82 | 3.79 | 3.60 |
| Up to 6 months | 4.62 | 4.32 | 4.11 | 4.51 | 4.05 | 4.02 | 4.42 | 4.01 | 3.99 | 4.01 | 4.09 | 3.89 |
| Up to 12 months | 4.72 | 4.49 | 4.38 | 4.48 | 4.21 | 4.43 | 4.62 | 4.30 | 4.14 | 4.47 | 4.41 | 4.00 |
| Over 12 months | 4.99 | 4.62 | 4.59 | 4.56 | 4.22 | 4.40 | 4.48 | 4.36 | 4.66 | 4.86 | 4.88 | 3.87 |
| Weighted average rate | 4.24 | 4.11 | 3.93 | 4.22 | 3.95 | 3.91 | 4.03 | 3.86 | 3.81 | 4.00 | 3.96 | 3.67 |
| Lending rates | | | | | | | | | | | | |
| Residential mortgages | 8.95 | 8.90 | 8.99 | 8.97 | 8.88 | 8.85 | 9.01 | 9.00 | 8.91 | 9.02 | 8.89 | 8.82 |
| Commercial mortgages | 8.87 | 9.04 | 9.58 | 9.30 | 8.85 | 8.92 | 9.24 | 10.82 | 9.20 | 9.04 | 8.78 | 8.86 |
| Consumer loans | 13.41 | 13.07 | 13.83 | 13.78 | 13.07 | 13.12 | 13.94 | 13.95 | 13.89 | 13.53 | 13.35 | 12.95 |
| Overdrafts | 10.43 | 10.63 | 11.56 | 10.60 | 10.61 | 11.11 | 11.04 | 11.09 | 11.66 | 12.45 | 11.77 | 11.77 |
| Weighted average rate | 11.47 | 11.33 | 12.04 | 11.71 | 11.21 | 11.18 | 11.73 | 12.17 | 12.15 | 12.10 | 11.50 | 11.33 |
| OLFIs | | | | | | | | | | | | |
| Deposit rates | | | | | | | | | | | | |
| Savings deposits | 3.55 | -- | 1.75 | -- | -- | -- | -- | -- | 1.75 | -- | -- | -- |
| Fixed deposits | | | | | | | | | | | | |
| Up to 3 months | 4.13 | 4.10 | 4.14 | 4.39 | 4.27 | 3.48 | 3.92 | 4.06 | 4.32 | 4.27 | 4.38 | 4.28 |
| Up to 6 months | 4.16 | 3.91 | 4.07 | 4.27 | 3.50 | 3.95 | 3.70 | 4.35 | 3.89 | 4.32 | 4.03 | 3.74 |
| Up to 12 months | 4.06 | 4.22 | 4.43 | 4.12 | 4.22 | 4.09 | 4.18 | 4.71 | 4.33 | 4.50 | 4.31 | 4.05 |
| Over 12 months | 4.17 | -- | -- | -- | -- | -- | -- | -- | -- | -- | 4.24 | 3.76 |
| Weighted average rate | 4.25 | 4.39 | 4.45 | 4.63 | 4.37 | 4.01 | 4.25 | 4.62 | 4.37 | 4.54 | 4.35 | 4.10 |
| Lending rates | | | | | | | | | | | | |
| Residential mortgages | 8.89 | 8.64 | 6.59 | 9.14 | 8.23 | 8.28 | 9.07 | 8.35 | 8.92 | -- | 8.25 | 8.53 |
| Commercial mortgages | -- | 9.77 | -- | 9.77 | -- | -- | -- | -- | -- | -- | -- | -- |
| Consumer loans | 14.97 | -- | 9.99 | -- | -- | -- | -- | -- | 9.99 | -- | -- | 7.39 |
| Other loans | 9.36 | 8.70 | 8.41 | 8.97 | 8.34 | 9.48 | 8.00 | -- | 9.75 | 7.48 | -- | -- |
| Weighted average rate | 11.25 | 8.64 | 8.51 | 9.07 | 8.12 | 8.52 | 8.98 | 8.35 | 9.21 | 7.48 | 8.25 | 8.41 |
| Other rates | | | | | | | | | | | | |
| Prime rate | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Treasury bill (90 days) | 1.94 | 2.50 | 1.78 | 2.96 | 2.37 | 2.02 | 1.89 | 2.02 | 1.74 | 1.45 | 0.94 | 0.29 |
| Treasury bill re-discount rate | 2.45 | 3.00 | 2.28 | 3.46 | 2.87 | 2.52 | 2.39 | 2.52 | 2.24 | 1.95 | 1.44 | 0.79 |
| Bank rate (discount rate) | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 |

Source: The Central Bank of The Bahamas

TABLE 10
SUMMARY OF BANK LIQUIDITY

| End of Period | (B\$ Millions) | | | | | | | | | | | | | | | | | |
|---|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|--|--|
| | 1999 | | | 2000 | | | 2001 | | | 2002 | | | 2003 | | | 2004 | | |
| | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | Mar. | Jun. | Sept. | | | |
| I. Statutory Reserves | | | | | | | | | | | | | | | | | | |
| Required reserves | 153.9 | 166.6 | 176.1 | 178.6 | 181.9 | 184.3 | 183.4 | 184.3 | 185.4 | 185.4 | 187.2 | 192.7 | 200.9 | 204.8 | | | | |
| Average Till Cash | 61.0 | 59.6 | 51.2 | 47.3 | 41.4 | 44.4 | 55.3 | 42.9 | 42.8 | 50.7 | 66.7 | 57.1 | 56.0 | 57.9 | | | | |
| Average balance with central bank | 174.7 | 149.4 | 182.2 | 246.2 | 284.7 | 286.7 | 217.8 | 271.2 | 270.5 | 274.3 | 250.2 | 326.9 | 335.3 | 304.3 | | | | |
| Free cash reserves (period ended) | 81.0 | 41.6 | 56.5 | 114.1 | 143.4 | 146.0 | 88.9 | 129.0 | 127.1 | 138.9 | 128.9 | 190.5 | 189.6 | 156.6 | | | | |
| II. Liquid Assets (period) | | | | | | | | | | | | | | | | | | |
| A. Minimum required Liquid assets | 507.9 | 539.1 | 569.3 | 585.2 | 599.2 | 593.4 | 589.9 | 599.2 | 600.3 | 598.8 | 615.6 | 637.1 | 656.7 | 660.7 | | | | |
| B. Net Eligible Liquid Assets | 656.6 | 579.2 | 636.7 | 691.1 | 772.4 | 722.1 | 687.6 | 722.6 | 748.6 | 776.1 | 772.3 | 874.8 | 883.6 | 855.2 | | | | |
| i) Balance with Central Bank | 155.5 | 148.2 | 188.6 | 239.1 | 304.1 | 272.3 | 230.3 | 279.7 | 271.1 | 255.5 | 243.5 | 338.0 | 322.6 | 267.0 | | | | |
| ii) Notes and Coins | 75.1 | 64.9 | 65.4 | 45.8 | 40.7 | 43.7 | 66.8 | 44.4 | 43.4 | 51.5 | 80.1 | 63.0 | 63.7 | 60.8 | | | | |
| iii) Treasury Bills | 93.4 | 49.9 | 63.5 | 93.8 | 106.8 | 72.9 | 38.8 | 45.0 | 69.5 | 71.9 | 47.6 | 73.0 | 88.9 | 96.1 | | | | |
| iv) Government registered stocks | 311.4 | 303.7 | 306.4 | 294.6 | 305.8 | 320.7 | 335.3 | 336.9 | 350.2 | 370.2 | 369.5 | 368.6 | 369.3 | 396.7 | | | | |
| v) Specified assets | 20.8 | 20.2 | 16.9 | 18.9 | 18.7 | 18.3 | 17.9 | 16.9 | 15.7 | 26.7 | 26.8 | 29.1 | 28.2 | 27.9 | | | | |
| vi) Net Inter-bank dem/call deposits | 1.2 | (6.9) | (3.3) | (0.3) | (2.9) | (5.0) | (0.7) | 0.5 | (0.5) | 1.1 | 5.6 | 3.9 | 11.7 | 7.5 | | | | |
| vii) Less: borrowings from central bank | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | (0.8) | | | | |
| C. Surplus/(Deficit) | 148.7 | 40.1 | 67.4 | 105.9 | 173.2 | 128.7 | 97.7 | 123.4 | 148.3 | 177.3 | 156.7 | 237.7 | 226.9 | 194.5 | | | | |

Source: The Central Bank of The Bahamas

TABLE 11
GOVERNMENT OPERATIONS AND FINANCING

| Period | (B\$ Millions) | | | | | | | | | | | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|--------------|---------------|----------|----------|--|--|
| | 2000/01p | | | | 2001/02p | | | | 2002/03p | | | | Budget | | | |
| | 2000/01p | 2001/02p | 2002/03p | 2003/04 | 2004/05 | 2003/04p | 2004/05p | 2005/06p | 2006/07p | 2007/08p | 2008/09p | 2009/10p | 2010/11p | 2011/12p | | |
| Total Revenue & Grants | 957.5 | 856.8 | 901.8 | 991.5 | 1051.6 | 991.5 | 1051.6 | 217.5 | 231.2 | 253.3 | 165.6 | 210.9 | | | | |
| Current expenditure | 847.7 | 896.7 | 962.7 | 968.9 | 1067.3 | 968.9 | 1067.3 | 222.6 | 239.9 | 249.3 | 156.1 | 240.6 | | | | |
| Capital expenditure | 85.0 | 103.5 | 83.8 | 119.7 | 117.3 | 119.7 | 117.3 | 8.1 | 16.0 | 19.2 | 12.7 | 10.5 | | | | |
| Net lending | 42.5 | 27.5 | 43.1 | 25.9 | 30.5 | 25.9 | 30.5 | 6.4 | 8.8 | 9.0 | 5.4 | 9.0 | | | | |
| Overall balance | (17.7) | (170.9) | (187.8) | (123.0) | (163.5) | (123.0) | (163.5) | (19.6) | (33.5) | (24.2) | (8.6) | (49.2) | | | | |
| FINANCING (I+II-III+IV+V) | 17.7 | 170.9 | 187.8 | 123.0 | 163.5 | 123.0 | 163.5 | 19.6 | 33.3 | 24.2 | 8.6 | 49.2 | | | | |
| I. Foreign currency borrowing | 4.3 | 143.6 | 34.4 | 26.1 | 29.0 | 26.1 | 29.0 | 202.8 | 1.3 | 0.1 | 2.5 | -- | | | | |
| External | 4.3 | 18.6 | 9.4 | 26.1 | 29.0 | 26.1 | 29.0 | 202.8 | 1.3 | 0.1 | 2.5 | -- | | | | |
| Domestic | -- | 125.0 | 25.0 | .... | .... | .... | .... | -- | -- | -- | -- | -- |  |  |  |  |
| II. Bahamian dollar borrowing | 75.8 | 157.7 | 205.9 | 173.3 | 231.3 | 173.3 | 231.3 | 75.0 | 34.0 | 23.3 | -- | 100.0 | | | | |
| i) Treasury bills | 20.0 | 26.9 | -- | .... | .... | .... | .... | -- | -- | -- | -- | -- |  |  |  |  |
| Central Bank | 20.0 | 16.1 | -- | .... | .... | .... | .... | -- | -- | -- | -- | -- |  |  |  |  |
| Commercial banks & OLFIs | -- | 10.8 | -- | .... | .... | .... | .... | -- | -- | -- | -- | -- |  |  |  |  |
| Public corporations | -- | -- | -- | .... | .... | .... | .... | -- | -- | -- | -- | -- |  |  |  |  |
| Other | -- | -- | -- | .... | .... | .... | .... | -- | -- | -- | -- | -- |  |  |  |  |
| ii) Long-term securities | 55.8 | 95.7 | 186.1 | .... | .... | .... | .... | 75.0 | -- | 23.3 | -- | 100.0 | | | | |
| Central Bank | 6.5 | 66.4 | 20.0 | .... | .... | .... | .... | 10.0 | -- | 23.3 | -- | 15.0 | | | | |
| Commercial banks & OLFIs | 8.9 | 10.1 | 56.4 | .... | .... | .... | .... | 20.1 | -- | -- | -- | 3.7 | | | | |
| Public corporations | 14.4 | 4.8 | 33.2 | .... | .... | .... | .... | 21.7 | -- | -- | -- | 43.1 | | | | |
| Other | 26.0 | 14.4 | 76.5 | .... | .... | .... | .... | 23.2 | -- | -- | -- | 38.2 | | | | |
| iii) Loans and Advances | -- | 35.1 | 19.8 | .... | .... | .... | .... | -- | 34.0 | -- | -- | -- | | | | |
| Central Bank | -- | 33.9 | 4.3 | .... | .... | .... | .... | -- | 34.0 | -- | -- | -- | | | | |
| Commercial banks | -- | 1.2 | 15.5 | .... | .... | .... | .... | -- | -- | -- | -- | -- |  |  |  |  |
| III Debt repayment | 75.6 | 144.9 | 62.4 | 74.0 | 94.4 | 74.0 | 94.4 | 202.5 | 24.5 | 24.0 | 0.4 | 14.5 | | | | |
| Domestic | 67.1 | 111.2 | 54.4 | 65.3 | 84.6 | 65.3 | 84.6 | 198.8 | 23.3 | 20.0 | 0.0 | 12.6 | | | | |
| Bahamian dollars | 60.4 | 76.7 | 49.4 | 60.3 | 84.6 | 60.3 | 84.6 | 73.8 | 18.3 | 20.0 | -- | 12.6 | | | | |
| Internal foreign currency | 6.7 | 34.5 | 5.0 | 5.0 | .... | 5.0 | .... | 125.0 | 5.0 | -- | -- | -- | | | | |
| External | 8.5 | 33.7 | 8.0 | 8.7 | 9.8 | 8.0 | 9.8 | 3.7 | 1.2 | 4.0 | 0.4 | 1.9 | | | | |
| IV. Cash balance change | 10.3 | (3.3) | 15.3 | .... | .... | .... | .... | (6.6) | (10.8) | (1.2) | 1.8 | (5.8) | | | | |
| V. Other Financing | 2.9 | 17.8 | (5.4) | (2.4) | (2.4) | (2.4) | (2.4) | (49.1) | 33.3 | 26.0 | 4.7 | (30.5) | | | | |

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

*Includes Apr. & May04 only

TABLE 12
NATIONAL DEBT

| End of Period | 2001p | | 2002p | | 2003p | | 2003p | | | 2004p | | |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|--|
| | | | | | | | Sept. | Dec. | Mar. | June | Sept. | |
| TOTAL EXTERNAL DEBT | 117,613 | 96,070 | 293,150 | 293,150 | 293,022 | 293,150 | 289,263 | 291,255 | 289,316 | | | |
| By Instrument | | | | | | | | | | | | |
| Government Securities | 50,500 | 25,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | |
| Loans | 67,113 | 71,070 | 68,150 | 68,150 | 68,022 | 68,150 | 64,263 | 66,255 | 64,316 | | | |
| By Holder | | | | | | | | | | | | |
| Commercial banks | 15,458 | 10,305 | 5,153 | 5,153 | 5,153 | 5,153 | 2,576 | 2,576 | 1,236 | | | |
| Offshore financial institutions | 500 | -- | -- | -- | -- | -- | -- | -- | -- | | | |
| Multilateral institutions | 51,655 | 60,765 | 62,997 | 62,997 | 62,869 | 62,997 | 61,687 | 63,679 | 63,080 | | | |
| Bilateral Institutions | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | |
| Private Capital Markets | 50,000 | 25,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | | | |
| TOTAL INTERNAL DEBT | 1,486,044 | 1,710,531 | 1,647,607 | 1,647,607 | 1,636,863 | 1,647,607 | 1,650,897 | 1,650,897 | 1,738,297 | | | |
| By Instrument | | | | | | | | | | | | |
| Foreign Currency | 36,390 | 130,000 | -- | -- | 5,000 | -- | -- | -- | -- | | | |
| Government securities | 11,000 | 5,000 | -- | -- | 5,000 | -- | -- | -- | -- | | | |
| Loans | 25,390 | 125,000 | -- | -- | -- | -- | -- | -- | -- | | | |
| Bahamian Dollars | 1,449,654 | 1,580,531 | 1,647,607 | 1,647,607 | 1,631,863 | 1,647,607 | 1,650,897 | 1,650,897 | 1,738,297 | | | |
| Advances | 56,945 | 71,787 | 71,019 | 71,019 | 37,019 | 71,019 | 71,019 | 71,019 | 71,019 | | | |
| Treasury bills | 168,600 | 179,400 | 179,400 | 179,400 | 179,400 | 179,400 | 179,400 | 179,400 | 179,400 | | | |
| Government securities | 1,213,633 | 1,304,098 | 1,386,943 | 1,386,943 | 1,405,198 | 1,386,943 | 1,390,233 | 1,390,233 | 1,477,633 | | | |
| Loans | 10,476 | 25,246 | 10,245 | 10,245 | 10,246 | 10,245 | 10,245 | 10,245 | 10,245 | | | |
| By Holder | | | | | | | | | | | | |
| Foreign Currency | 36,390 | 130,000 | -- | -- | 5,000 | -- | -- | -- | -- | | | |
| Commercial banks | 36,390 | 130,000 | -- | -- | 5,000 | -- | -- | -- | -- | | | |
| Other local financial institutions | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | |
| Bahamian Dollars | 1,449,654 | 1,580,531 | 1,647,607 | 1,647,607 | 1,631,863 | 1,647,607 | 1,650,897 | 1,650,897 | 1,738,297 | | | |
| The Central Bank | 190,554 | 182,823 | 114,800 | 114,800 | 85,613 | 114,800 | 122,170 | 116,626 | 131,022 | | | |
| Commercial banks | 375,771 | 399,697 | 423,997 | 423,997 | 453,294 | 423,997 | 447,876 | 464,435 | 500,248 | | | |
| Other local financial institutions | 3,128 | 3,128 | 3,128 | 3,128 | 3,127 | 3,128 | 5,367 | 4,695 | 4,321 | | | |
| Public corporations | 562,309 | 619,284 | 673,345 | 673,345 | 661,422 | 673,345 | 637,479 | 621,708 | 627,253 | | | |
| Other | 317,892 | 375,599 | 432,337 | 432,337 | 428,407 | 432,337 | 438,005 | 443,433 | 475,453 | | | |
| TOTAL FOREIGN CURRENCY DEBT | 154,003 | 226,070 | 293,150 | 293,150 | 298,022 | 293,150 | 289,263 | 291,255 | 289,316 | | | |
| TOTAL DIRECT CHARGE | 1,603,657 | 1,806,601 | 1,940,757 | 1,940,757 | 1,929,885 | 1,940,757 | 1,940,160 | 1,942,152 | 2,027,613 | | | |
| TOTAL CONTINGENT LIABILITIES | 359,272 | 401,948 | 451,952 | 451,952 | 426,762 | 451,952 | 446,831 | 428,092 | 416,796 | | | |
| TOTAL NATIONAL DEBT | 1,962,929 | 2,208,549 | 2,392,709 | 2,392,709 | 2,356,647 | 2,392,709 | 2,386,991 | 2,370,244 | 2,444,409 | | | |

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)

| | 2001p | 2002p | 2003p | 2003p | | 2004p | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | | Sept. | Dec. | Mar. | June | |
| Outstanding debt at beginning of period | 425,741 | 403,504 | 522,437 | 518,672 | 605,952 | 616,203 | 606,416 | 595,467 |
| Government | 131,134 | 154,003 | 226,070 | 223,936 | 298,022 | 293,150 | 289,263 | 291,255 |
| Public Corporations | 294,607 | 249,501 | 296,367 | 294,736 | 307,930 | 323,053 | 317,153 | 304,212 |
| Plus new drawings | 58,205 | 230,973 | 411,746 | 241,917 | 146,690 | 7,829 | 4,932 | -- |
| Government | 40,688 | 136,638 | 206,000 | 202,811 | 1,329 | 124 | 2,472 | -- |
| Public corporations | 17,517 | 94,335 | 205,746 | 39,106 | 145,361 | 7,705 | 2,460 | -- |
| Less Amortization | 80,442 | 112,040 | 317,980 | 154,637 | 136,439 | 17,616 | 15,881 | 11,576 |
| Government | 17,819 | 64,571 | 138,920 | 128,725 | 6,201 | 4,011 | 480 | 1,939 |
| Public corporations | 62,623 | 47,469 | 179,060 | 25,912 | 130,238 | 13,605 | 15,401 | 9,637 |
| Outstanding debt at end of period | 403,504 | 522,437 | 616,203 | 605,952 | 616,203 | 606,416 | 595,467 | 583,891 |
| Government | 154,003 | 226,070 | 293,150 | 298,022 | 293,150 | 289,263 | 291,255 | 289,316 |
| Public corporations | 249,501 | 296,367 | 323,053 | 307,930 | 323,053 | 317,153 | 304,212 | 294,575 |
| Interest Charges | 29,112 | 24,703 | 26,411 | 4,967 | 9,624 | 3,607 | 10,879 | 2,595 |
| Government | 9,142 | 9,558 | 13,017 | 2,376 | 6,482 | 1,136 | 8,426 | 634 |
| Public corporations | 19,970 | 15,145 | 13,394 | 2,591 | 3,142 | 2,471 | 2,453 | 1,961 |
| Debt Service | 109,554 | 136,743 | 344,391 | 159,604 | 146,063 | 21,223 | 26,760 | 14,171 |
| Government | 26,961 | 74,129 | 151,937 | 131,101 | 12,683 | 5,147 | 8,906 | 2,573 |
| Public corporations | 82,593 | 62,614 | 192,454 | 28,503 | 133,380 | 16,076 | 17,854 | 11,598 |
| Debt Service ratio | 4.8 | 5.6 | 14.3 | 27.6* | 24.2 | 3.0 | 4.0 | 2.5 |
| Government debt Service/ | 2.9 | 8.3 | 16.8 | 60.3 | 5.5 | 2.0 | n.a | 1.2 |
| Government revenue (%) | | | | | | | | |
| MEMORANDUM | | | | | | | | |
| Holder distribution (B\$ Mil): | | | | | | | | |
| Commercial banks | 113.6 | 259.7 | 259.5 | 126.0 | 259.5 | 255.6 | 244.8 | 234.7 |
| Offshore Financial Institutions | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Multilateral Institutions | 238.7 | 237.5 | 119.4 | 242.6 | 119.4 | 117.4 | 117.3 | 115.9 |
| Bilateral Institutions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.7 | 0.2 | 12.3 | 12.3 | 12.3 | 8.4 | 8.4 | 8.3 |
| Private Capital Markets | 50.0 | 25.0 | 225.0 | 225.0 | 225.0 | 225.0 | 225.0 | 225.0 |

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

Note: *Debt serving during the 3rd and 4th quarters of 2003 include the respective re-financing of \$12.5M and \$120M in Government (internal) and public corporations (external) debt. Net of these payments, the adjusted service/exports ratios were 3.6% and 3.5% over the respective quarters; and the Government's 3rd quarter debt service/revenue ratio was 2.8%.

TABLE 14
BALANCE OF PAYMENTS SUMMARY

| | (BS Millions) | | | | | | | | | | | |
|--|---------------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2003p | | | 2002 | | | 2003 | | | 2004 | | |
| | 2001p | 2002p | 2003p | Qtr.IItp | Qtr.IVtp | Qtr.IItp | Qtr.IItp | Qtr.IItp | Qtr.IItp | Qtr.IItp | Qtr.IItp | Qtr.IItp |
| A. Current Account Balance (I+II+III+IV) | (583.9) | (339.2) | (416.6) | (68.2) | (120.1) | (7.0) | (83.3) | (168.8) | (30.4) | (82.7) | (214.3) | |
| I. Merchandise (Net) | (1,340.4) | (1,151.1) | (1,203.5) | (251.4) | (309.7) | (278.8) | (308.1) | (294.7) | (343.4) | (334.5) | (329.1) | |
| Exports | 423.1 | 446.3 | 424.7 | 121.9 | 124.9 | 107.3 | 90.0 | 112.1 | 110.0 | 98.1 | 124.7 | |
| Imports | 1,763.5 | 1,597.4 | 1,628.2 | 373.3 | 434.6 | 386.1 | 398.1 | 406.8 | 453.4 | 432.6 | 453.8 | |
| II. Services (Net) | 891.0 | 980.3 | 901.6 | 233.6 | 215.5 | 291.7 | 246.6 | 162.4 | 200.9 | 271.8 | 155.7 | |
| Transportation | (200.8) | (165.3) | (175.1) | (34.4) | (43.2) | (42.1) | (46.2) | (42.6) | (50.2) | (52.7) | (41.7) | |
| Travel | 1,392.1 | 1,518.2 | 1,477.3 | 368.0 | 333.1 | 423.9 | 395.5 | 322.2 | 477.6 | 456.0 | 308.7 | |
| Insurance Services | (14.9) | (91.2) | (104.3) | (29.8) | (25.0) | (20.2) | (25.0) | (30.7) | (18.3) | (26.1) | (20.9) | |
| Offshore Companies Local Expenses | 56.4 | 126.4 | 105.9 | 29.6 | 49.8 | 22.7 | 20.0 | 19.2 | 36.5 | 23.3 | 22.0 | |
| Other Government | (48.6) | (60.9) | (57.3) | (9.5) | (15.1) | (22.5) | (17.3) | (4.5) | (5.0) | (7.7) | (12.7) | |
| Other Services | (293.2) | (346.9) | (344.9) | (90.3) | (84.1) | (70.1) | (80.4) | (101.2) | (111.2) | (121.0) | (99.7) | |
| III. Income (Net) | (176.2) | (210.7) | (163.3) | (60.7) | (30.8) | (32.9) | (40.0) | (43.9) | (25.3) | (34.6) | (48.6) | |
| 1. Compensation of Employees | (48.5) | (49.9) | (56.3) | (12.8) | (12.8) | (11.4) | (13.1) | (14.3) | (13.2) | (17.0) | (12.1) | |
| 2. Investment Income | (127.7) | (160.8) | (107.0) | (47.9) | (18.0) | (21.5) | (26.9) | (29.6) | (12.1) | (17.6) | (36.5) | |
| IV. Current Transfers (Net) | 41.7 | 42.3 | 48.6 | 10.3 | 4.9 | 13.0 | 18.2 | 7.4 | 8.9 | 14.6 | 7.7 | |
| 1. General Government | 45.8 | 49.0 | 53.9 | 11.7 | 7.9 | 13.5 | 19.7 | 9.4 | 11.3 | 15.5 | 8.7 | |
| 2. Private Sector | (4.0) | (6.7) | (5.3) | (1.4) | (3.0) | (0.5) | (1.5) | (2.0) | (2.8) | (0.9) | (1.0) | |
| B. Capital and Financial Account (I+II) (excl. Reserves) | 243.3 | 380.6 | 239.8 | 102.0 | 95.6 | (42.4) | 43.2 | 202.6 | 49.9 | 18.6 | (20.7) | |
| I. Capital Account (Net Transfers) | (21.3) | (24.5) | (37.4) | (5.5) | (3.7) | (9.1) | (7.4) | (8.7) | (8.7) | (9.7) | (10.9) | |
| II. Financial Account (Net) | 264.6 | 405.1 | 277.2 | 107.5 | 99.3 | (33.3) | 50.6 | 211.3 | 58.6 | 28.3 | (9.8) | |
| 1. Direct Investment | 102.1 | 152.8 | 146.7 | 33.4 | 37.0 | 19.3 | 41.9 | 55.5 | 39.0 | 64.0 | 15.7 | |
| 2. Other Investments | 162.7 | 252.3 | 130.5 | 74.1 | 62.3 | (52.6) | 8.7 | 155.8 | 19.6 | (35.7) | (25.5) | |
| Central Gov't Long Term Capital | 6.7 | (21.4) | 196.0 | (3.5) | 7.2 | (3.4) | 1.2 | 199.1 | (2.6) | 2.0 | (1.9) | |
| Other Public Sector Capital | (28.7) | (13.5) | (137.7) | (5.9) | (2.0) | (4.7) | (5.1) | (5.8) | (4.5) | (3.3) | (0.8) | |
| Banks | 120.5 | 183.6 | (102.4) | 58.6 | 32.6 | (76.1) | (58.8) | (87.1) | (0.9) | (40.0) | (19.2) | |
| Other | 64.2 | 103.8 | 174.6 | 25.1 | 24.4 | 31.5 | 71.4 | 49.6 | 27.6 | 5.6 | (3.5) | |
| C. Net Errors and Omissions | 310.4 | 19.3 | 287.9 | (87.7) | (9.1) | 120.7 | 68.2 | 16.6 | 89.6 | 123.3 | 191.7 | |
| D. Overall Balance (A+B+C) | (30.2) | 60.7 | 111.1 | (53.9) | (33.6) | 71.3 | 28.1 | 50.4 | 109.1 | 59.2 | (43.3) | |
| E. Financing (Net) | 30.0 | (60.8) | (111.1) | 53.9 | 33.5 | (71.3) | (28.1) | (50.4) | (109.1) | (59.2) | 43.3 | |
| Change in SDR holdings | -- | -- | 0.0 | 0.1 | (0.1) | 0.1 | (0.1) | -- | -- | -- | -- | |
| Change in Reserve Position with the IMF | 0.3 | (0.6) | (0.9) | 0.0 | (0.2) | (0.1) | (0.2) | (0.2) | -- | 0.1 | -- | |
| Change in Ext. Foreign Assets () = Increase | 29.8 | (60.2) | (110.2) | 53.8 | 33.8 | (71.3) | (27.8) | (50.2) | (109.1) | (59.3) | 43.3 | |

Source: The Central Bank of the Bahamas

Figures may not sum to total due to rounding

TABLE 15
EXTERNAL TRADE

| | (B\$ '000) | | | | | | | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|---------|--|--|
| | 1,999 | | | 2000 | | | 2001 | | | 2000 | | | 2001 | | |
| | Qtr. I | Qtr. II | Qtr. III | Qtr. I | Qtr. II | Qtr. III | Qtr. I | Qtr. II | Qtr. III | Qtr. I | Qtr. II | Qtr. III | Qtr. IV | | |
| I. OIL TRADE | | | | | | | | | | | | | | | |
| i) Exports | 36,941 | 83,036 | 68,844 | 18,124 | 17,512 | 23,907 | 23,493 | 18,816 | 19,247 | 18,676 | 12,105 | | | | |
| ii) Imports | 172,478 | 207,469 | 292,807 | 51,068 | 36,330 | 62,351 | 57,720 | 52,564 | 80,517 | 86,539 | 73,187 | | | | |
| II. OTHER MERCHANDISE | | | | | | | | | | | | | | | |
| Domestic Exports | | | | | | | | | | | | | | | |
| Crawfish | 71,586 | 84,847 | 67,696 | 20,584 | 12,299 | 15,729 | 36,235 | 17,042 | 7,087 | 16,519 | 27,048 | | | | |
| Fish & other Crustacea | 3,677 | 3,674 | 4,211 | 728 | 1,152 | 652 | 1,142 | 850 | 1,627 | 841 | 893 | | | | |
| Fruits & Vegs. | 10,273 | 2,230 | 7,514 | 274 | 1,511 | 61 | 384 | 882 | 5,297 | 544 | 791 | | | | |
| Aragonite | 389 | 776 | 278 | 235 | 226 | 106 | 209 | 130 | 148 | -- | -- | | | | |
| Rum | 30,957 | 29,151 | 38,190 | 5,400 | 12,344 | 2,935 | 8,472 | 9,559 | 8,061 | 8,968 | 11,602 | | | | |
| Other Cordials & Liqueurs | 70 | 475 | 195 | 3 | 21 | 428 | 23 | 19 | 48 | 52 | 76 | | | | |
| Crude Salt | 13,579 | 10,538 | 13,507 | 3,581 | 1,757 | 2,302 | 2,898 | 5,438 | 1,946 | 2,835 | 3,288 | | | | |
| Hormones | 1,325 | 6,919 | 573 | -- | 3,476 | 598 | 2,845 | 454 | 24 | 36 | 59 | | | | |
| Chemicals | 11,219 | 38,688 | 13,124 | 3,365 | 11,725 | 10,642 | 12,956 | 9,367 | 1,197 | 2,560 | -- | | | | |
| Other Pharmaceuticals | 342 | -- | 81 | -- | -- | -- | -- | 19 | 11 | 20 | 31 | | | | |
| Fragrances | 149 | 26 | 64 | 26 | -- | -- | -- | 3 | -- | 61 | -- | | | | |
| Other | 50,594 | 66,914 | 83,115 | 14,544 | 16,374 | 18,380 | 17,616 | 17,382 | 21,610 | 20,756 | 23,367 | | | | |
| i) Total Domestic Exports | 194,160 | 244,238 | 228,548 | 48,740 | 60,885 | 51,833 | 82,780 | 61,145 | 47,056 | 53,192 | 67,155 | | | | |
| ii) Re-Exports | 194,935 | 227,615 | 78,490 | 65,983 | 32,875 | 95,142 | 33,615 | 18,358 | 17,626 | 21,271 | 21,235 | | | | |
| iii) Total Exports (i+ii) | 389,095 | 471,853 | 307,038 | 114,723 | 93,760 | 146,975 | 116,395 | 79,503 | 64,682 | 74,463 | 88,390 | | | | |
| iv) Imports | 1,578,770 | 1,794,937 | 1,635,942 | 444,451 | 440,356 | 431,926 | 478,204 | 429,229 | 403,713 | 405,878 | 397,122 | | | | |
| v) Retained Imports (iv-ii) | 1,383,835 | 1,567,322 | 1,557,452 | 378,468 | 407,481 | 336,784 | 444,589 | 410,871 | 386,087 | 384,607 | 375,887 | | | | |
| vi) Trade Balance (i-v) | (1,189,675) | (1,323,084) | (1,328,904) | (329,728) | (346,596) | (284,951) | (361,809) | (349,726) | (339,031) | (331,415) | (308,732) | | | | |

Source: Department of Statistics Quarterly Statistical Summaries

TABLE 16
SELECTED TOURISM STATISTICS

| Period | 2001p | | | 2002p | | | 2003p | | | 2004p | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------|---------|----------|
| | Qtr. I | Qtr. II | Qtr. III | Qtr. I | Qtr. II | Qtr. III | Qtr. I | Qtr. II | Qtr. III | Qtr. I | Qtr. II | Qtr. III |
| Visitor Arrivals | | | | | | | | | | | | |
| Air | 4,182,671 | 4,405,971 | 4,594,042 | 1,229,641 | 1,185,158 | 1,052,676 | 1,392,563 | 1,406,943 | 1,093,916 | | | |
| Sea | 1,428,124 | 1,402,894 | 1,428,973 | 381,709 | 396,446 | 335,622 | 411,996 | 435,422 | 317,970 | | | |
| | 2,754,547 | 3,003,077 | 3,165,069 | 847,932 | 788,712 | 717,054 | 980,567 | 971,521 | 775,946 | | | |
| Visitor Type | | | | | | | | | | | | |
| Stopover | 1,537,777 | 1,513,151 | 1,509,877 | 393,081 | 435,298 | 362,514 | n.a | n.a | n.a | | | |
| Cruise | 2,551,673 | 2,802,112 | 2,970,174 | 804,677 | 720,834 | 662,612 | 931,362 | 901,573 | 726,054 | | | |
| Day/Transit | 93,221 | 90,708 | 113,991 | 31,883 | 29,026 | 27,550 | n.a | n.a | n.a | | | |
| Tourist Expenditure(BS 000's) | | | | | | | | | | | | |
| Stopover | 1,636,450 | 1,762,661 | 1,758,911 | n.a | n.a | n.a | n.a | n.a | n.a | | | |
| Cruise | 1,483,576 | 1,605,406 | 1,596,870 | 419,162 | 475,242 | 362,734 | n.a | n.a | n.a | | | |
| Day | 147,580 | 151,232 | 157,006 | n.a | n.a | n.a | n.a | n.a | n.a | | | |
| | 5,294 | 6,023 | 5,035 | n.a | n.a | n.a | n.a | n.a | n.a | | | |
| Number of Hotel Nights | 3,498,208 | 3,443,373 | 3,554,856 | 864,518 | 900,045 | 889,775 | 956,645 | 876,711 | n.a | | | |
| Average Length of Stay | 5.8 | 5.8 | 5.9 | n.a | n.a | n.a | n.a | n.a | n.a | | | |
| Average Hotel Occupancy Rates (%) | | | | | | | | | | | | |
| New Providence | 67.2 | 67.9 | 66.3 | 71.2 | 70.5 | 64.5 | 68.8 | 76.1 | n.a | | | |
| Grand Bahama | 49.8 | 55.2 | 48.4 | 56.9 | 47.9 | 46.7 | 66.3 | 62.9 | n.a | | | |
| Other Family Islands | 36.8 | 34.8 | 34.8 | 34.5 | 46.1 | 32.5 | 38.6 | 44.5 | n.a | | | |
| Average Nightly Room Rates (\$) | | | | | | | | | | | | |
| New Providence | 160.9 | 177.6 | 178.5 | 188.8 | 174.6 | 166.7 | 186.7 | 174.6 | n.a | | | |
| Grand Bahama | 83.8 | 80.6 | 83.5 | 96.4 | 84.3 | 77.4 | 94.3 | 87.3 | n.a | | | |
| Other Family Islands | 159.7 | 157.9 | 159.5 | 171.4 | 159.6 | 162.1 | 174.7 | 174.5 | n.a | | | |

Source: The Ministry of Tourism

SURVEY ON RETAIL BANKING CHARGES IN THE BAHAMAS¹

INTRODUCTION

In April 2004, the Central Bank conducted a survey of domestic banks to ascertain the level and variance of charges for retail banking services. The exercise forms part of an ongoing effort to obtain more disaggregated data on the domestic banking sector, and covered the operations of the eight commercial banks and one savings and loans institution. Since fees on fiduciary services were not considered, local trust companies were not asked to participate in the exercise.

The results indicate that, for most services, the important charges, particularly for credit facilities, show little variance among financial institutions. Although the net interest margin (interest charged on loans less interest paid on deposits) provides the bulk of domestic banks' total revenues, fee income increased in importance since 2000, as slowed credit growth curtailed net interest gains. Important costs not attributed to banks', however, are the Government's stamp taxes on various financial transactions and instruments.

It should be noted that the Central Bank of The Bahamas does not regulate bank charges. Moreover, the Clearing Banks Association, to which local banks belong, does not determine or influence charges, although the Association's Code of Conduct obliges banks to inform customers of product charges prior to arranging services.

METHODOLOGY

The survey design was finalized following a preliminary study of fee brochures published by local banks. Institutions were subsequently requested to provide fee information on the full range of customer services, including deposits, loans, and foreign exchange facilities. In this respect, the survey also sought to ascertain whether charges varied according to the value and volume of transactions undertaken. Where this was determined to be the case, the selective analysis in this paper focuses on the average fee which would have applied to a typical transaction. In instances where banks provided a range of values for fees, the mid-point was used for comparisons. All averages are arithmetic, based on the number of relevant banks for the respective facility analysed.

¹ This report is a summary of a more extensive ongoing work by Sherry Sands and Jamell Bodie.

Banks reported data on a variety of premium and regular accounts and on both business and non-business products. In the case of deposits, the important distinctions between regular and premium accounts are often the minimum deposit amounts required to maintain the facilities, and the rate of interest paid on balances. For credit card facilities, the distinction is usually made in terms of maximum credit lines that can be extended, the cost of the annual membership and the interest rate charged on outstanding balances.

Tables 1 - 4 summarize selected results from the survey.

Table 1
Selected Retail Banking Fees: Deposit Products

| | Average | Max | Min |
|---|---------|----------|---------|
| I. Regular Personal Savings Deposits | | | |
| i. Withdrawal Charge / Transaction | \$0.90 | \$2.00 | \$0.00 |
| ii. Minimal Account Balance | \$66.67 | \$100.00 | \$50.00 |
| iii. Dormant Act. Charge (Qtrly) | \$5.21 | \$6.25 | \$3.00 |
| II. Regular Personal Chequing | | | |
| i. Minimum Monthly Fee | \$6.07 | \$8.00 | \$5.00 |
| ii. Drawing/Cashing Fee (per cheque) | \$0.29 | \$0.55 | \$0.00 |
| iii. Dishonoured Cheque Charge | \$21.25 | \$25.00 | \$10.00 |
| iv. Stop Payment Order | \$10.63 | \$15.00 | \$10.00 |
| v. Cheque Certification | \$7.00 | \$10.00 | \$5.00 |
| vi. Cheque Printing (per 100) | \$20.27 | \$39.85 | \$10.00 |
| III. Business Checking Accounts | | | |
| i. Minimum Monthly Fee | \$8.67 | \$10.00 | \$7.00 |
| ii. Drawing/Cashing Fee (per cheque) | \$0.45 | \$0.65 | \$0.00 |
| iii. Dishonoured Cheque Charge | \$21.25 | \$25.00 | \$10.00 |
| iv. Stop Payment Order | \$10.63 | \$15.00 | \$10.00 |
| v. Cheque Certification | \$7.00 | \$10.00 | \$5.00 |
| vi. Cheque Printing (per 100) | \$26.47 | \$39.85 | \$10.00 |
| IV. Services Related to Deposit Accounts | | | |
| (a) Statement Printouts | \$4.38 | \$5.00 | \$2.00 |
| (b) Interim Statements Requested | \$4.75 | \$5.00 | \$3.00 |
| (c) Photocopies | | | |
| i. First Page | \$3.00 | \$5.00 | \$1.00 |
| ii. Additional Pages | \$0.93 | \$1.00 | \$0.50 |

Source: Central Bank of The Bahamas' Survey of Retail Bank Charges

ANALYSIS OF THE RESULTS

Deposits and Related Facilities

It should be noted that for deposit products, some maintenance and transactions fees are only levied when balances fall below a stipulated minimum monthly level. With the exception of one institution, which specializes in wholesale banking, all others surveyed provide savings deposit facilities. Two of the other eight banks provide this service at, no cost for withdrawals, beyond the applicable Government stamp tax. Where facilities become dormant, the quarterly maintenance fee can range between \$3 and \$6 (see Table 1).

On personal checking facilities, which attract a range of fees, the average minimum monthly fee to maintain such accounts is just over \$6, with an upper bound of \$8. For three of the relevant eight banks, no fee is levied for check cashing; however, the rate could be as high as 55¢ at some institutions. A more uniformed practice is the assessing of charges for dishonoured checks and stop payment orders which, on a per transactions basis, averaged \$21.25 and \$10.63 respectively, with more convergence observed for stop payment fees. Costs for check certification averaged \$7, ranging between \$5 and \$10.

In most instances, no distinction was made between costs levied on premium checking services and regular accounts, where differences tended to be explained by the higher required minimum monthly balance and the payment of interest on the former. Also, the distribution of transaction charges for most business checking facilities was similar to those on personal accounts, except that business facilities attracted a higher range of monthly maintenance fees.

Electronic Banking

All institutions surveyed offer some form of automated and electronic banking services, mainly automated banking machines (ABM), with a growing number providing access to remote internet and telephone banking. Apart from monthly fixed costs for personal internet and telephone banking, which were as high as \$5, two institutions with these services also imposed charges for the convenience of paying utility bills and transferring of balances between accounts (see Table 2). Two of the eight banks did not levy a charge to customers for local ABM usage, but assessed non-customers \$1 and \$2 respectively, and were the only two institutions permitting use of the ABM cards outside The Bahamas, for which only one bank had a set fee.

Table 2
Selected Fees: Electronic Banking

| | Average | Max | Min |
|-------------------------------------|---------|---------|---------|
| I. Online / Internet Banking | | | |
| (a) Monthly Access Fees | | | |
| i. Personal Banking | \$3.25 | \$5.00 | \$0.00 |
| ii. Business Accounts | | | |
| Up to 5 Accounts | \$6.50 | \$10.00 | \$3.00 |
| 6 - 10 Accounts | \$9.00 | \$15.00 | \$3.00 |
| Over 10 Accounts | \$20.00 | \$20.00 | \$20.00 |
| (b) Transactions Charges | | | |
| i. Bill Payment (each) | \$1.17 | \$3.00 | \$0.00 |
| ii. Loan Payment | \$0.00 | n/a | n/a |
| iii. Transfers Between Accounts | \$1.20 | \$5.00 | \$0.00 |
| iv. Balance / Statement Inquiry | \$1.00 | \$5.00 | \$0.00 |
| II. ATM/ABM Use | | | |
| (a) Withdrawals Outside The Bahamas | \$3.00 | n/a | n/a |
| (b) Local Withdrawals | | | |
| i. Customer | \$0.57 | \$1.00 | \$0.00 |
| ii. Non-Customer | \$1.50 | \$2.00 | \$1.00 |
| (c) Mini Statements | \$0.75 | \$1.00 | \$0.50 |

Source: Central Bank of The Bahamas' Survey of Retail Bank Charges

Credit Facilities

The broad category of credit products covered in the sample included credit cards, commercial and residential mortgages, overdraft facilities and personal facilities for automobile and land purchases (see Table 3).

Only two of the local banks did not offer or were not affiliated with a banking group that provided Bahamian dollar credit card products. Most banks offered a combination of regular and premium account under both of the recognized international brands (MasterCard and Visa). The annual membership fee for regular accounts, which showed the least amount of variance, was most commonly established at \$35, as opposed to a less uniform, higher range for premium cards of \$60 - \$75. The annual interest rate on outstanding balances on regular cards was uniformly 18.00%, with a similar rate offered on most premium cards, although at least one bank offered a premium rate of 15.00%. Credit card usage outside The Bahamas typically attracted the conventional conversion rate for foreign exchange (1.0125%). However, more variance existed for the over-limit fee (\$10 - \$30), replacement cards charge (\$10 - \$25) and late payment fees (\$10 - \$30).

Table 3
Selected Fees: Credit Products

| | Average | Max | Min |
|---|---------|---------|---------|
| I. (a) Regular Personal Credit Cards | | | |
| i. Annual (Membership) Fee | \$35.00 | \$35.00 | \$35.00 |
| ii. Cash Advance Fee (per \$1000) | \$22.50 | \$35.00 | \$15.00 |
| iii. ABM/ATM Use Charge (each) | \$0.33 | \$1.00 | \$0.00 |
| iv. Dishonoured Cheque Charge | \$17.50 | \$25.00 | \$5.00 |
| v. Foreign Exchange Commission | 1.13% | 1.50% | 1.01% |
| vi. Late Payment Fee | \$17.50 | \$30.00 | \$10.00 |
| vii. Over-limit Fee | \$17.50 | \$30.00 | \$10.00 |
| viii. Replacement Card Fee | \$21.25 | \$25.00 | \$20.00 |
| ix. Additional Card (s) (each) | \$17.50 | \$25.00 | \$10.00 |
| x. Copy of Transaction/Charge Slip | \$5.00 | \$5.00 | \$5.00 |
| xi. Statement Copy Fee | \$5.00 | \$5.00 | \$5.00 |
| xii. PIN (password) Change Fee | \$3.75 | \$15.00 | \$0.00 |
| xiii. Interest Rate (per annum) | 18.00% | 18.00% | 18.00% |
| (b) Premium Personal Credit Cards | | | |
| i. Annual (Membership) Fee | \$63.75 | \$75.00 | \$60.00 |
| ii. Replacement Card Fee | \$20.00 | \$25.00 | \$15.00 |
| iii. Additional Card (s) (each) | \$25.00 | \$30.00 | \$20.00 |
| iv. Interest Rate (per annum) | 16.75% | 18.00% | 15.00% |

The range of costs applied on other credit products include Government stamp duties (discussed separately later), legal fees, late payment penalties and loan refinancing fees. The most common rate assessed for legal fees on personal and commercial loans was 2.50% of the loan value. In most cases, a flat late payment fee was levied, which for personal loans, ranged between \$5 and \$100 but with most assessments in the \$20 range. Other banks established a lower bound and levied a penalty based on a percentage of the monthly loan payment amount. Only one bank charged a higher differential for late payments on commercial loans, which resulted in minimum penalty in the sector that was between \$20 and \$50. For large balances under amortization on both commercial and personal loans it was also possible for charges to exceed these ranges, with three banks also applying the penalty as a percentage (1.00% - 3.00%) of the monthly payment that was due.

Most banks charged a flat fee to process loan refinancing and add-on (increase in the principal) fees of either \$50 or \$100. However, these fees were either not always applicable for all loans, or the services not uniformly provided by all banks. An additional cost in the case of mortgages was the commitment fee, which averaged 1.29% and ranged between 1.00% and 2.00%.

Table 3 (Cont'd)
Selected Fees: Credit Products

| | Average | Max | Min |
|-----------------------------------|----------------|------------|------------|
| II. Personal Loans | | | |
| (a) Private Vehicles | | | |
| i. Legal Fees | 2.13% | 2.50% | 1.00% |
| ii. Early Repayment Charges | \$17.86 | \$100.00 | \$0.00 |
| iii. Late Payment Fee | \$35.71 | \$100.00 | \$5.00 |
| iv. Loan Refinancing Fee | \$66.67 | \$100.00 | \$50.00 |
| v. Add-On Fee | \$75.00 | \$100.00 | \$50.00 |
| (b) Land Purchases | | | |
| i. Legal Fees | 2.54% | 2.75% | 2.50% |
| ii. Early Repayment Charges | \$25.00 | \$100.00 | \$0.00 |
| iii. Late Payment Fee | \$20.83 | \$35.00 | \$5.00 |
| iv. Loan Refinancing Fee | \$66.67 | \$100.00 | \$50.00 |
| v. Add-On Fee | \$75.00 | \$100.00 | \$50.00 |
| (c) Other Consumer Loans | | | |
| i. Legal Fees | 2.58% | 2.75% | 2.50% |
| ii. Early Repayment Charges | \$17.14 | \$100.00 | \$0.00 |
| iii. Late Payment Fee | \$25.83 | \$50.00 | \$5.00 |
| iv. Loan Refinancing Fee | \$66.67 | \$100.00 | \$50.00 |
| v. Add-On Fee | \$75.00 | \$100.00 | \$50.00 |
| (d) Residential Mortgages | | | |
| i. Legal Fees | 1.32% | 2.0% | 1.0% |
| ii. Early Repayment Charges | 2.50% | 2.5% | 2.5% |
| iii. Late Payment Fee | \$25.00 | \$50.00 | \$5.00 |
| iv. Loan Refinancing Fee | \$0.01 | \$0.02 | \$0.01 |
| v. Add-On Fee | n/a | n/a | n/a |
| (e) Personal Overdrafts | | | |
| i. Overdraft Fee | 1.0% | 1.5% | 0.5% |
| ii. Penalty Interest (%) | 18.0% | 18.0% | 18.0% |
| iii. Commitment Fee | 1.2% | 1.5% | 1.0% |
| iv. Over-limit Fee | \$15.50 | \$30.00 | \$7.00 |
| II. Commercial Loans | | | |
| (a) Commercial Mortgages | | | |
| i. Commitment Fees | 1.5% | 2.0% | 1.0% |
| ii. Legal Fees | 2.5% | 2.5% | 2.5% |
| iii. Late Payment Fee | \$29.17 | \$50.00 | \$20.00 |
| iv. Loan Refinancing Fee | 1.2% | 2.0% | 0.6% |
| v. Add-On Fee | n/a | n/a | n/a |
| (b) Commercial Overdrafts | | | |
| i. Overdraft fee | 1.44% | 2.00% | 1.00% |
| ii. Penalty Interest Rate (%) | 18.0% | 18.0% | 18.0% |
| iii. Commitment fees | 1.85% | 2.00% | 1.50% |
| iv. Over-limit Fees | \$5.60 | \$15.00 | \$0.01 |
| (c) Other Commercial Loans | | | |
| i. Commitment Fees | 1.54% | 2.00% | 1.00% |
| ii. Legal Fees | 2.50% | 2.50% | 2.50% |
| iii. Late Payment Fee | \$31.00 | \$50.00 | \$20.00 |
| iv. Loan Refinancing Fee | 1.4% | 2.0% | 1.0% |
| v. Add-On Fee | 1.5% | 1.5% | 1.5% |

Source: Central Bank of The Bahamas' Survey of Retail Bank Charges

Four of the surveyed financial institutions imposed some disincentive for early loan repayment, based on a variety of fixed or variable assessments determined as a fraction of the principal in question. Where applicable, fixed charges were more widespread for consumer loans, ranging between \$25 and \$100. For residential and commercial mortgages, three of these institutions set this at equivalent to three months interest on the repaid principal.

Table 4
Selected Fees: Other Banking Products

| | Average | Max | Min |
|---|---------|----------|---------|
| I. Standing Payment Orders | | | |
| (a) Internal Payments | \$1.00 | \$2.00 | \$0.00 |
| (b) Inter-Bank Payments or Transfers | \$10.67 | \$15.00 | \$6.00 |
| II. Letters of Credit | | | |
| | \$44.00 | \$100.00 | \$15.00 |
| III. Bank / Credit References | | | |
| | \$15.63 | \$20.00 | \$15.00 |
| IV. Auditor's Confirmation Letter | | | |
| | \$23.13 | \$30.00 | \$15.00 |
| V. Safety Deposit Boxes (Annual Rental) | | | |
| (a) Small | \$56.00 | \$65.00 | \$50.00 |
| (b) Medium | \$92.50 | \$145.00 | \$45.00 |
| VI. Document Search / Retrieval | | | |
| (a) Vouchers (each) | \$3.40 | \$5.00 | \$3.00 |
| (b) Vouchers (per hour) | \$28.57 | \$30.00 | \$20.00 |
| (c) Records (per hour) | \$27.86 | \$30.00 | \$15.00 |
| (d) Accounts (each) | \$19.38 | \$30.00 | \$5.00 |
| VII. Foreign Exchange and Wire Transfers | | | |
| (a) Wire Transfers | | | |
| i. Local Currency (each) | \$18.60 | \$65.00 | \$6.00 |
| ii. Foreign Currency (\$1,000 Example) | \$28.50 | \$65.00 | \$8.00 |
| (b) Foreign Currency Drafts | | | |
| (Commission & Charges on \$1,000) | \$24.27 | \$50.00 | \$12.63 |

Source: Central Bank of The Bahamas' Survey of Retail Bank Charges

Other Services

Among other banking services, costs were nearly uniform for obtaining bank/credit references (\$15), but more varied for inter-bank standing payment orders (\$6 - \$15), letters of credit (\$15 - \$100) and safety deposit rentals. Considerable uniformity also existed for various document search and retrieval services (see Table 4).

Some notable cost variance was observed across banks foreign exchange and wire transfer services. In addition to the standard conversion premium of 1.0125% on non-cash instrument, banks also attached other fixed or variable commissions, resulting in an average cost for a \$1,000 foreign currency draft of about \$24.87, and a range of \$12.60 - \$50.00. The cost of overseas wire transmissions varied between \$8 and \$65 for a \$1,000 transaction. Domestic wire transfers attracted costs between \$6 and \$10 but, in one case, as much as \$65.

SIGNIFICANCE OF BANK CHARGES

While fees defray the administrative costs of providing bank services, intermediary activities still underpin the bulk of the net returns earned by banks in The Bahamas (see Table 5). Just over 75% of domestic income is derived from the net interest margin, having decreased temporarily, however, given the slowdown in credit growth since 2001. The other two sources are nevertheless commission & foreign exchange income and fee income (mostly from loans). Commission and foreign exchange income has marginally decreased in importance since 2000, as growth in foreign exchange transactions softened during this period. Conversely, dependence on fee income increased steadily since 2000, from 16.1% to 20.4% of total income. This corresponded to average annual growth in fee income of 9.0%, while commission & foreign exchange income and net interest margin decreased by an average 0.9% and 1.0%, respectively. Over this period, banks' total expenses rose an average 6.7% each year. Hence, fee income provided an important support to the net income of banks.

Table 5
Distribution of Domestic Banks' Income and Fees

| | Avg. Growth | | | | |
|--|-------------|--------|--------|--------|-----------|
| | 2000 | 2001 | 2002 | 2003 | 2000-2003 |
| 1. Income Sources | | | | | |
| Net Interest Margin | 77.3% | 78.4% | 75.7% | 73.2% | -1.0% |
| Commission & Forex Income | 6.5% | 6.4% | 6.5% | 6.3% | -0.2% |
| Fee Income | 16.1% | 15.2% | 17.8% | 19.4% | 7.2% |
| Dividend Income | 0.0% | 0.1% | 0.0% | 1.1% | n.m. |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 0.8% |
| 2. Profitability (Ratios to Average Assets) | | | | | |
| Total Net Interest & Other | 7.87% | 7.75% | 6.60% | 6.64% | 0.8% |
| Expenses | 4.42% | 4.44% | 3.96% | 4.43% | 6.7% |
| Net Income (ROA) | 3.45% | 3.31% | 2.64% | 2.14% | -9.0% |

Source: The Central Bank of the Bahamas

n.m = Not Meaningful.

Table 6
Selected Government Taxes on Financial & Commercial Transactions

| Transaction | Tax Rate | |
|--|----------|----------|
| | Fixed | Variable |
| a) Deeds of conveyance, assignment or transfer of realty or personalty (chattels) | | |
| up to \$20,000 | n/a | 2.0% |
| \$20,001 - \$50,000 | n/a | 4.0% |
| \$50,001- \$100,000 | n/a | 6.0% |
| \$100,000 - \$250,000 | n/a | 8.0% |
| Over \$250,001 | n/a | 10.0% |
| b) Mortgage or transfer of realty (per \$100) | n/a | 1.0% |
| c) Re-conveyance of realty to borrower or mortgagor (per \$100) | n/a | 0.1% |
| d) Endorsement of mortgage (per \$100) | n/a | 0.1% |
| e) Receipt for money for a sum exceeding \$5 | \$0.25 | n/a |
| f) Foreign exchange (funds remitted or transferred out of the Bahamas): Every bill of exchange, draft, money order, mail transfer of money , traveler's cheque or letter of credit | \$0.25 | 1.5% |
| g) Every Bill of exchange, bank receipt for deposit withdrawal, cheque or order drawn issued, originating paid or negotiated in The Bahamas | \$0.25 | n/a |

Source: The Stamp Act (Chapter 370)

SIGNIFICANCE OF GOVERNMENT STAMP TAXES

Government stamp taxes apply on most financial transactions in The Bahamas (see Table 6). In particular, all checking and savings accounts withdrawals are levied a 25¢ charge. The stamp tax on purchases of foreign currency drafts, money transfers and travelers checks is set at 1.50% of the transactions value plus 25¢. Along with bank specific charges, these typically result in a total cost for such facilities of between 2.50% and 2.75%. Stamp taxes are the highest on conveyances associated with realty transactions, ranging between 2.0% and 10.0%², and an additional 1.00% is applicable for the mortgage instrument.

CONCLUSION

This study's findings suggest significant similarities between fees charged for most banking product and services in The Bahamas. This is understandable given that domestic retail banking

² In 2002 the stamp tax was eliminated from for first time home purchases.

services are provided in an oligopolistic setting and there is little incentive for financial institutions to deviate from the mainstream in the setting of product charges. While it is useful to compare the fees for banking products in The Bahamas with those for equivalent products in other countries, such comparisons should take account of structural differences or similarities in the financial systems being compared, such as the level of competition, the extent to which technology is used and economies of scale in operations. In this regard, The Bahamas' domestic financial sector has more in common with markets in the Caribbean, in many cases with branches or subsidiaries of the same foreign banks. Meanwhile, competition from, or the ability of non-bank financial institutions to provide facilities similar to banks is more restrictive in the Caribbean, than in the US or more developed markets in major industrial countries, and contributes to a higher cost of accessing services.

Over the medium-term, modernization of the domestic payments systems is expected to have some influence on the cost of some depository and payments related banking transactions. Electronic (non-cash) payments are expected to increase in importance once automated clearinghouse facilities have been established for The Bahamas, as is anticipated by the end of 2005. This should stimulate more demand for internet banking and the use of non-cash, point-of-sale technologies. The increase use of these services by businesses and households should generate greater economies of scale which influence banks' cost of providing these services.