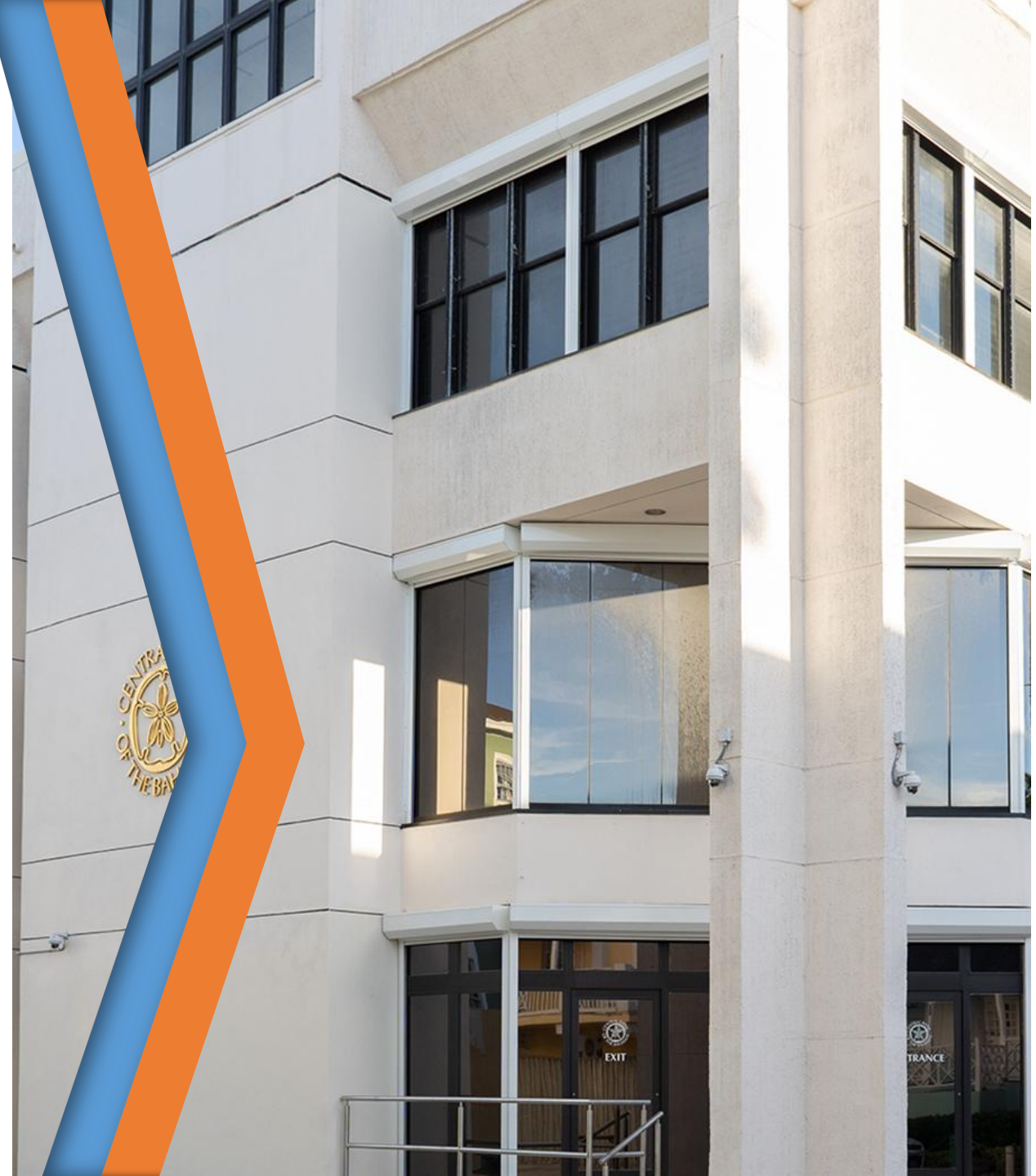


Quarterly Economic and Financial Developments Report

March 2026

*Featuring the latest Bank Lending Conditions Survey for
the Second Half of 2025*

Research Department



Domestic Economic Developments

Preliminary indications are that the Bahamian economy sustained its growth momentum during the first quarter of 2026, with economic indicators converging closer to their expected medium-term potential. In particular, tourism output recorded healthy gains, supported by growth in both the high value-added air segment and sea traffic, reflective of continued demand for travel in key source markets.

Real Sector

- Tourist arrivals expanded by 17.5% to 3.9 million during the first quarter of 2026, led by gains in the cruise sector.
- Departures through the Nassau International Airport rose by 4.6% to 0.4 million, a reversal from a 3.6% decline in the previous year.
- In 2025, the retail price index increased, vis-à-vis 2024.

Monetary Sector

- In the first three months of 2026, banking sector liquidity grew seasonally, underpinned by a rise in the deposit base, which outweighed the growth in domestic credit.
- External reserves expanded faster in the first quarter, by \$273.1 million as compared to the \$174.0 million buildup in the comparable 2025 period.

An aerial photograph of a tropical beach. The water is a vibrant turquoise color, transitioning to a deeper blue further out. The beach is a wide, white sand strip with several palm trees scattered along the shore. In the foreground, there are more palm trees and some buildings, possibly part of a resort. The sky is clear and bright.

TOURISM SECTOR

Visitor Arrivals

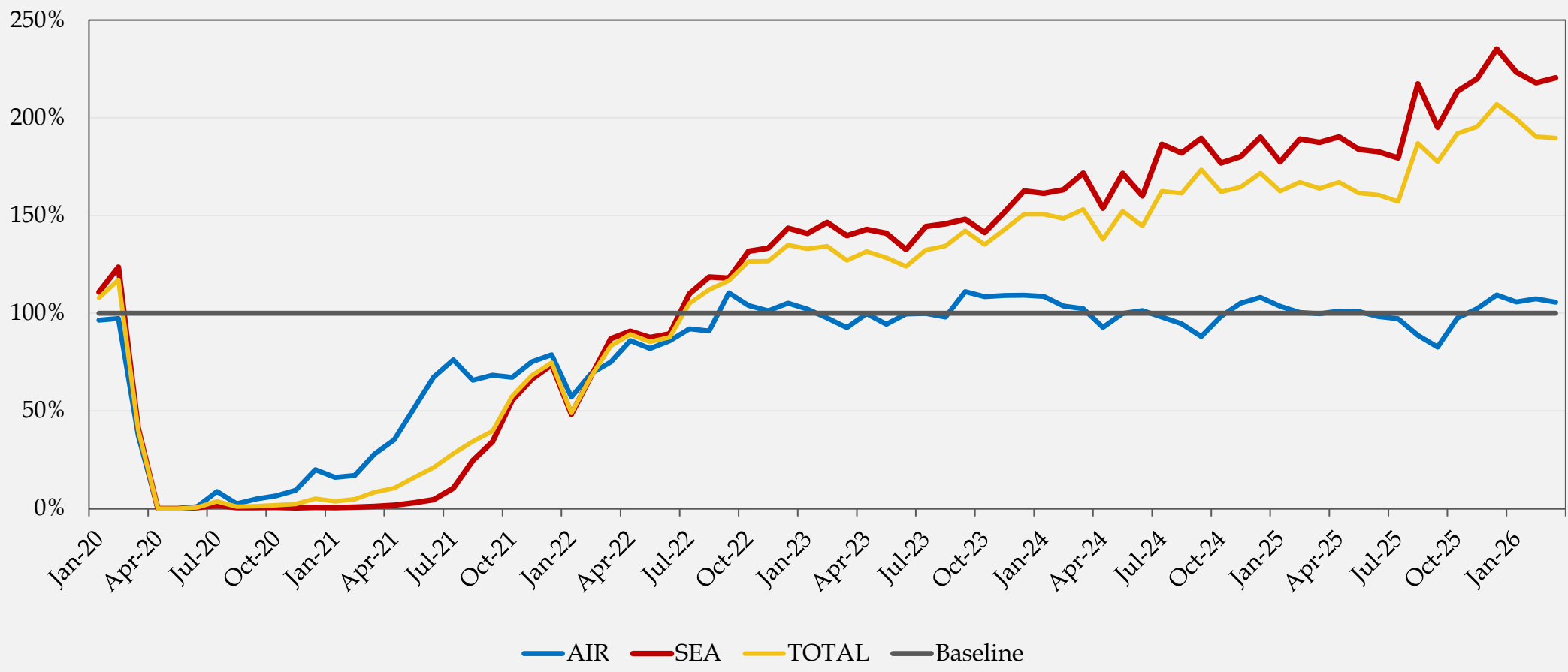
(January – March 2026)

Official data from the Ministry of Tourism revealed that total arrivals rose by 17.5% to 3.9 million visitors during the first three months of 2026, vis-à-vis the same period of 2025.

- Sea visitors advanced by 19.6% to 3.3 million.
- Air travel rose by 5.2% to 0.5 million.

	New Providence (% Change)		Grand Bahama (% Change)		Family Islands (% Change)	
	2025	2026	2025	2026	2025	2026
Arrivals						
Air	-4.6	6.6	11.6	4.8	-1.2	0.3
Sea	12.2	8.9	-27.0	305.9	14.9	8.5
Total	7.7	8.3	-22.8	258.7	13.8	8.0

Tourism Arrivals vs Pre-Pandemic Baseline
(2018/19=100%)



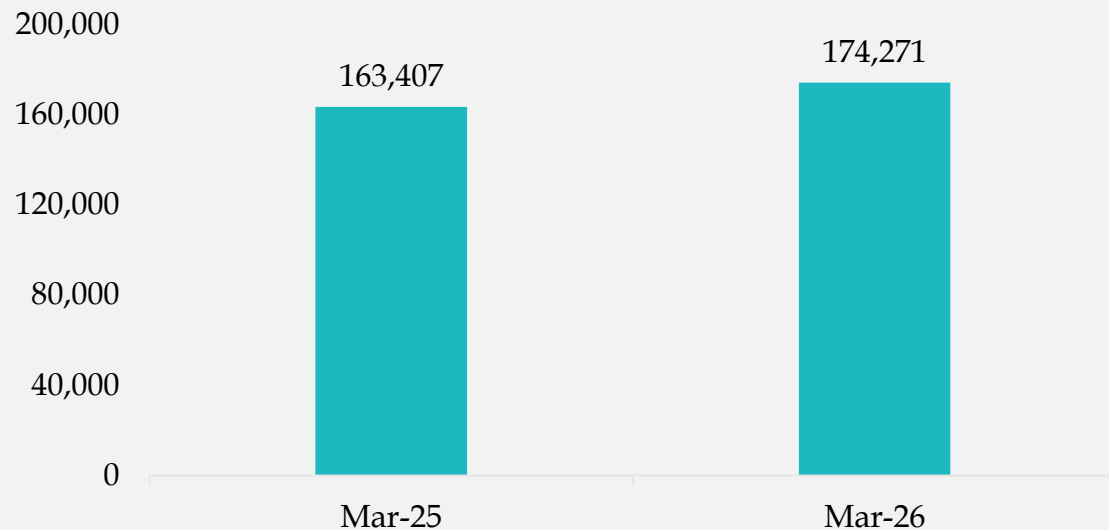
Source: Ministry of Tourism

Nassau Airport Development (NAD) International Departures January – March 2026 vs 2025

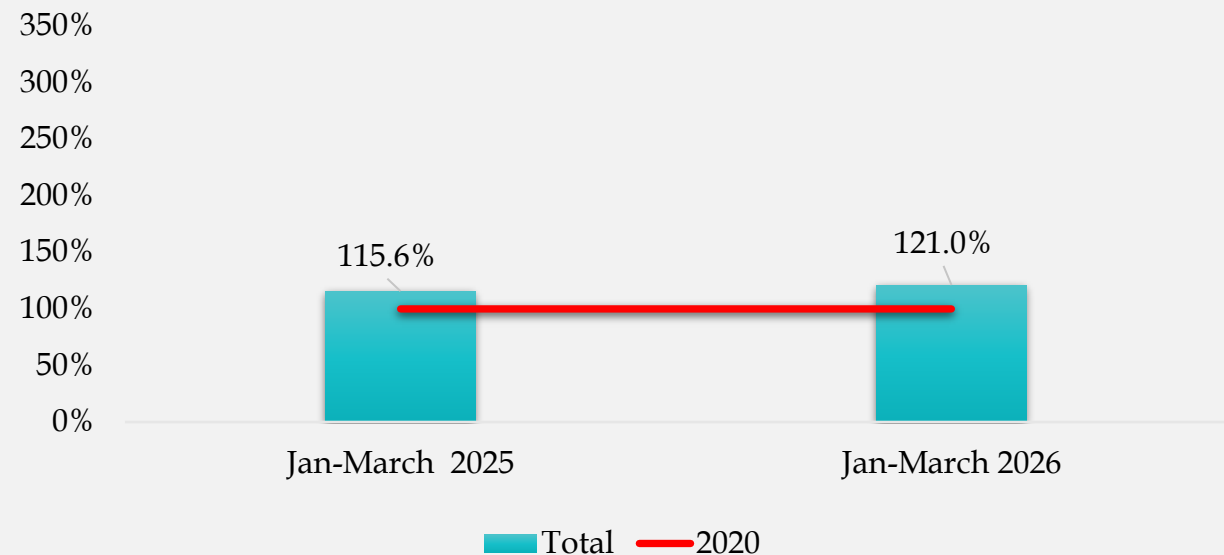
Total departures through the Nassau International Airport rose by 6.7% to 174,271 passengers in March, relative to the preceding year.

During the first three months, total departures grew by 4.6% to 0.4 million, vis-à-vis the comparative period in 2025.

**International Departures
March 2025 vs March 2026**



**January – March 2026 Departures
vs. 2020 Baseline (=100%)**

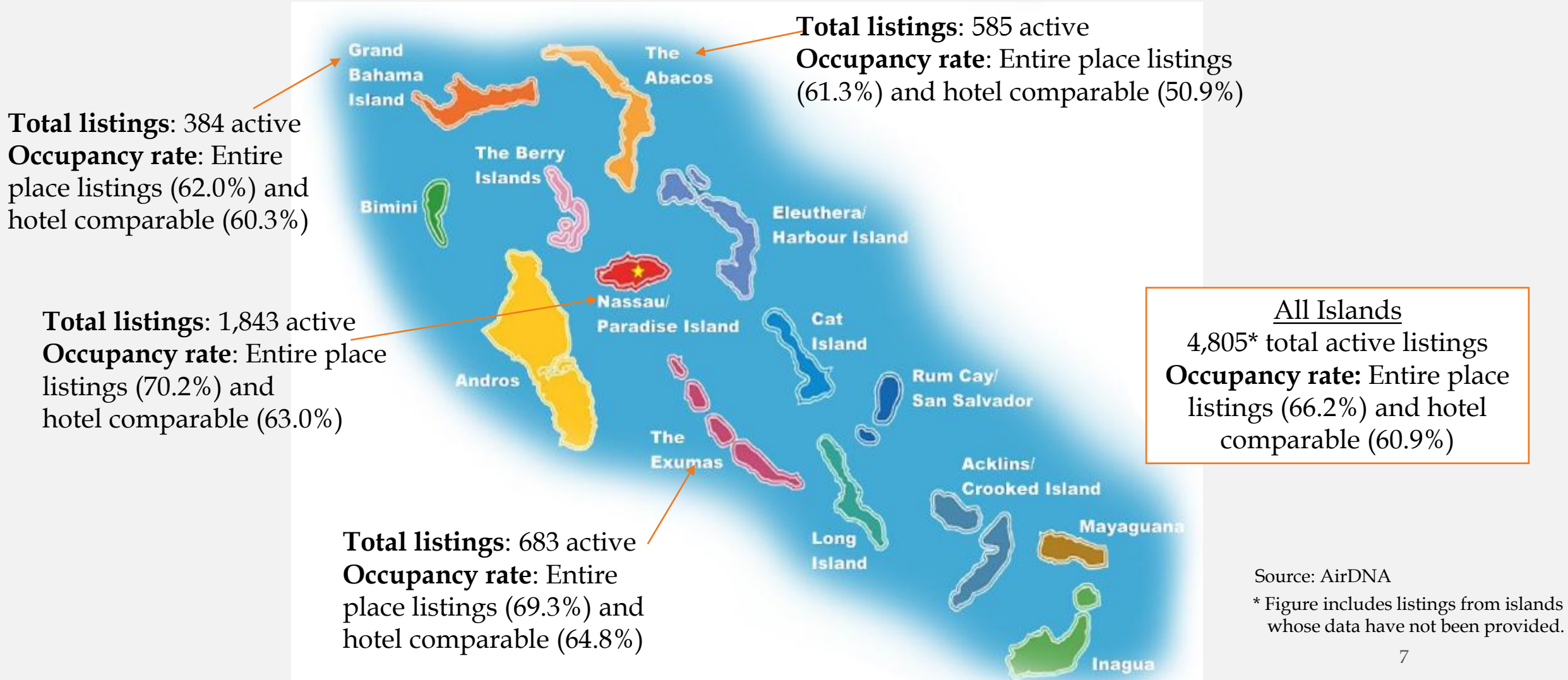


Source: Nassau Airport Development Company

*All figures are net of domestic departures.

Airbnb: Snapshot of Vacation Rentals

(as at March 2026)



Total listings: 384 active
Occupancy rate: Entire place listings (62.0%) and hotel comparable (60.3%)

Total listings: 585 active
Occupancy rate: Entire place listings (61.3%) and hotel comparable (50.9%)

Total listings: 1,843 active
Occupancy rate: Entire place listings (70.2%) and hotel comparable (63.0%)

Total listings: 683 active
Occupancy rate: Entire place listings (69.3%) and hotel comparable (64.8%)

All Islands
4,805* total active listings
Occupancy rate: Entire place listings (66.2%) and hotel comparable (60.9%)

Vacation Rentals: Occupancy Rates

(January - March 2026 vs 2025)

Vacation rental occupancy levels trended upward in the first quarter of 2026, in line with increased stopover arrivals.

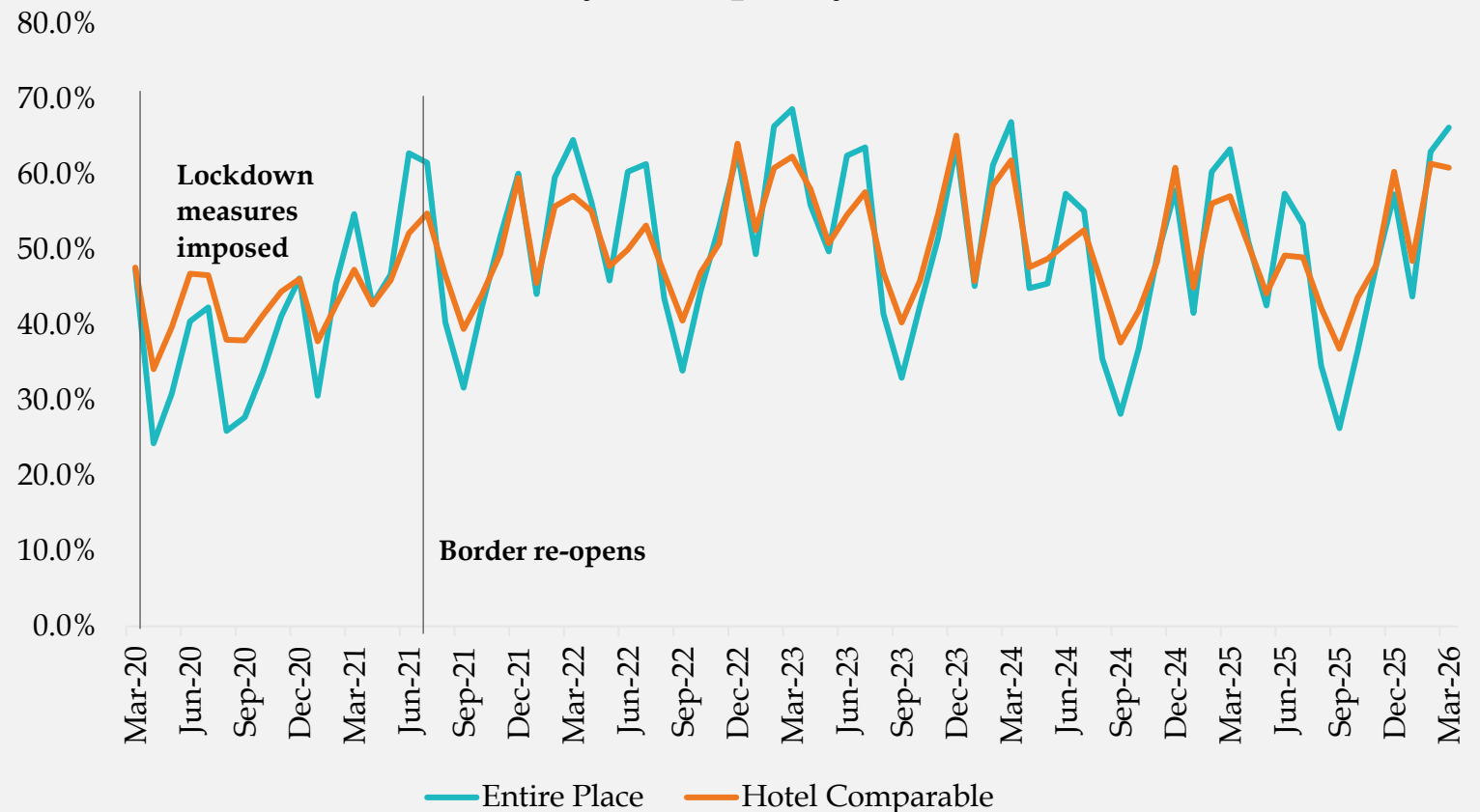
Entire Place Listings

- The average occupancy rate firmed to 57.7%, from 55.1% in the same period of the previous year.

Hotel Comparable Listings

- The average occupancy rate moved higher to 56.9%, from 53.4% in the first quarter of 2025.

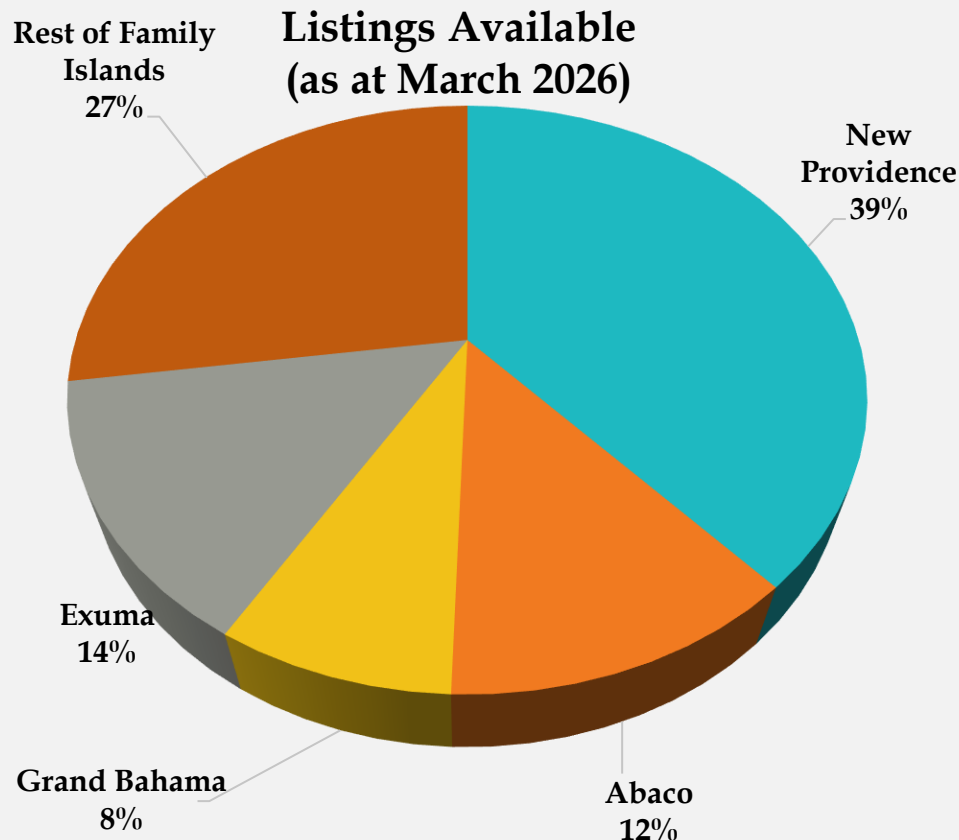
Monthly Occupancy Rates



Source: AirDNA

Vacation Rental: Market Share by Island (March 2026)

During March, short-term vacation rental listings rose across most of the major islands, vis-à-vis the comparative 2025 period. Exuma, Grand Bahama and Abaco held one-third of the inventory; New Providence, almost 40.0% and remaining Family Islands, just over one-fourth.



In March, listings for Abaco, New Providence and Grand Bahama increased by 13.2%, 4.6% and 2.9%, respectively, relative to the same period of 2025. However, listings for Exuma edged down by 0.3%.

All Available Listings				
	Dec 2024	March 2025	Dec 2025	March 2026
Abaco	453	517	519	585
Grand Bahama	372	373	424	384
New Providence	2,027	1,762	2,049	1,843
Exuma	610	685	624	683

An aerial photograph of a tropical coastline. The water is a vibrant turquoise, transitioning to a deeper blue further out. A wide, white sandy beach curves along the shore, bordered by lush green vegetation and palm trees. Some buildings are visible on the right side of the beach.

**SELECTED APPROVED FOREIGN
INVESTMENT PROJECTS**
Recent Approvals/Announcements

Selected New Foreign Investment Projects

Abaco	Eleuthera	Long Island
<p><u>F&F Limited & Tucker Development Ltd-The Delphi Club</u> <u>Industry: Hospitality and Tourism</u></p> <ul style="list-style-type: none"> • Approved in principle to expand the Delphi Club boutique hotel and fishing lodge at Rolling Harbour, Abaco into a six-villa condo-hotel development, spanning 16.3 acres. The project is planned in four phases over an estimated 60-months. All villas are expected to be pre-sold prior to commencement of construction. • Bahamian labor will be engaged throughout the life of the project: 35-55 persons across trade, logistics and management and 12-18 hospitality positions. <p><u>Beach Weekend Bahamas Ltd- Leeward Yacht Club</u> <u>Industry: Hospitality, Marina and Tourism</u></p> <ul style="list-style-type: none"> • Approved to redevelop the Leeward Yacht Club at Black Sound, Green Turtle Cay in Abaco into a marina-resort destination. The project includes an upgraded 38-slip marina, on-site restaurant, and recreational facilities such as pickleball and tennis courts, along with new villa accommodations. • Hotel licensing and HEA concessions have already been approved for the development. • The developers have committed to hiring Bahamian contractors for the renovations, and will retain all 13 existing staff, 12 of which are Bahamian. 	<p><u>CMK Holdings Ltd-Coral Sands Inn & Cottages</u> <u>Industry: Hospitality</u></p> <ul style="list-style-type: none"> • Approved to expand Coral Sands Inn & Cottages on Harbour Island through acquisition of three neighboring properties – Kings Beach, Villa Carissa, and Bella Azul. • The project is expected to provide 45 Bahamian construction jobs, six wellness/spa therapists and 1 yoga instructor. 	<p><u>Stella Developments Ltd.</u> <u>Industry: Real Estate/Residential Development</u></p> <ul style="list-style-type: none"> • Approved in principle to develop an exclusive residential community at Stella Maris Village, Long Island, which will include 85 high-end estate homes, a restaurant, bar, supermarket and a medical/dental suite. • The project is intended to be completed by December 2036. • Approximately 10 – 40 Bahamians are expected to be employed by the project.

Selected New Foreign Investment Projects

Grand Bahama

Freeport Cruise Terminal Ltd/MSC Cruises S.A

Industry: Marine Infrastructure

- Approved to develop a new cruise ship pier complex and berthing facility in Billy Cay, Freeport Harbour, Grand Bahama, which will include retail food and beverage outlets, entertainment venues, theme park attractions, and transportation staging areas. The project also includes the renovation of the existing Retail Village.
- A 40:60 non-Bahamian employment ratio must be maintained across all construction and operational roles.

MAG Grand Bahama Ltd.

Industry: Transportation

- Approved to provide airport management services for the Grand Bahama International Airport under the Airport Authority of The Bahamas. The arrangement covers operational and safety improvements, management of terminal and airside functions, support for infrastructure financing, and training initiatives aimed at strengthening the skills of Bahamian personnel.
- Initial employment will include 3 staff, one of which is Bahamian.

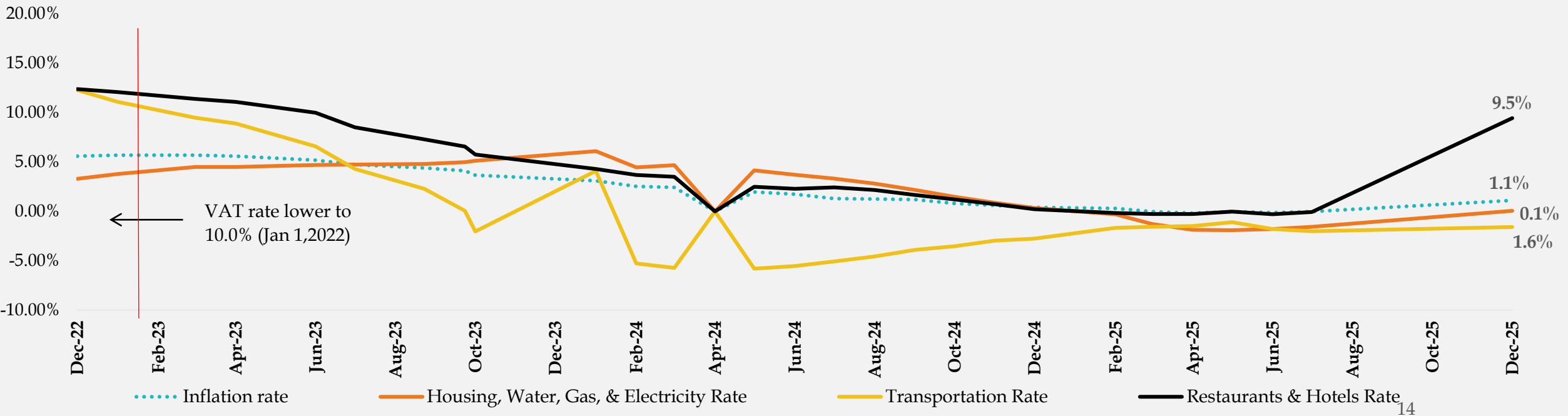


INFLATION

Retail Price Index

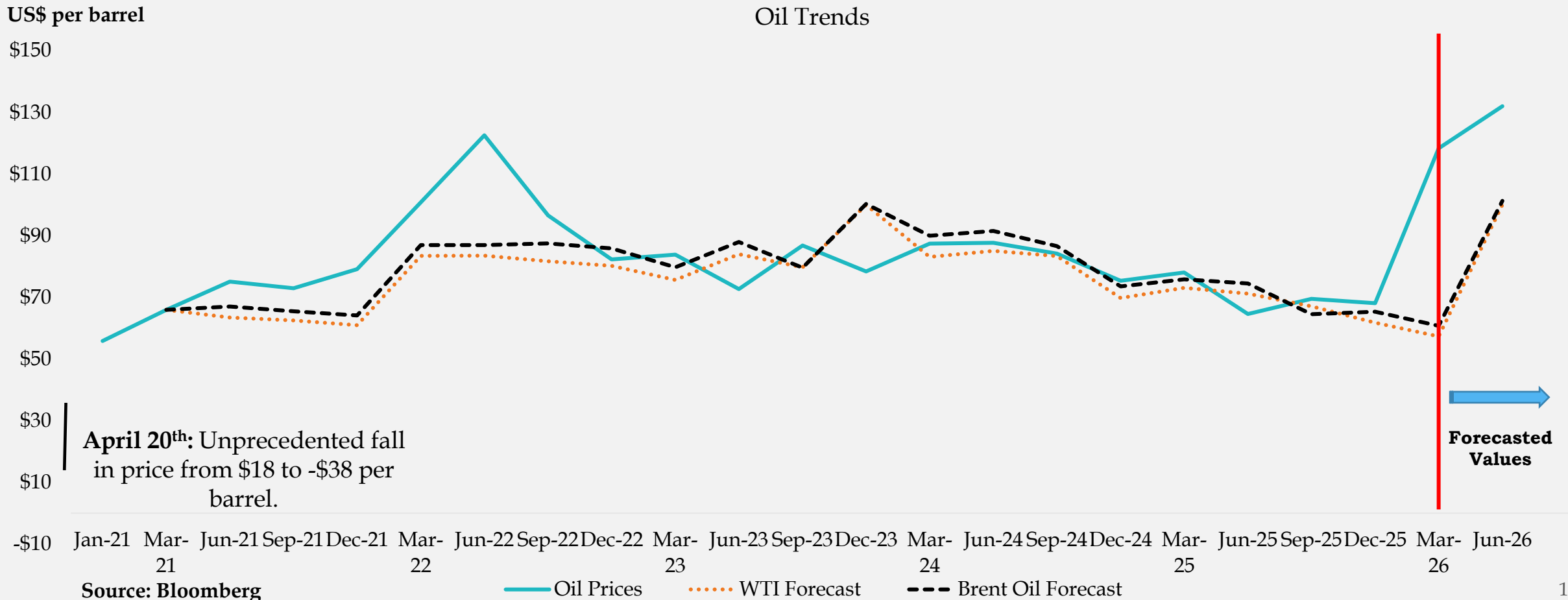
In 2025, inflation increased to 1.1% from 0.4% rise in 2024, attributed to a rise in average costs for communications; furnishing, household equipment & routine household maintenance; and restaurant & hotels.

Inflation



Oil Price Trends

In March 2026, the cost of crude oil increased by 67.4% to \$118.40 per barrel. On the supply side, OPEC's daily crude oil production decreased by 0.2% in March, to approximately 35.06 million barrels per day.



An aerial photograph of a tropical beach. The water is a vibrant turquoise color, transitioning to a deeper blue further out. The beach is a wide, white sand strip with several palm trees scattered along the edge. In the foreground, there are more palm trees and some buildings, possibly a resort or a small village. The sky is clear and bright.

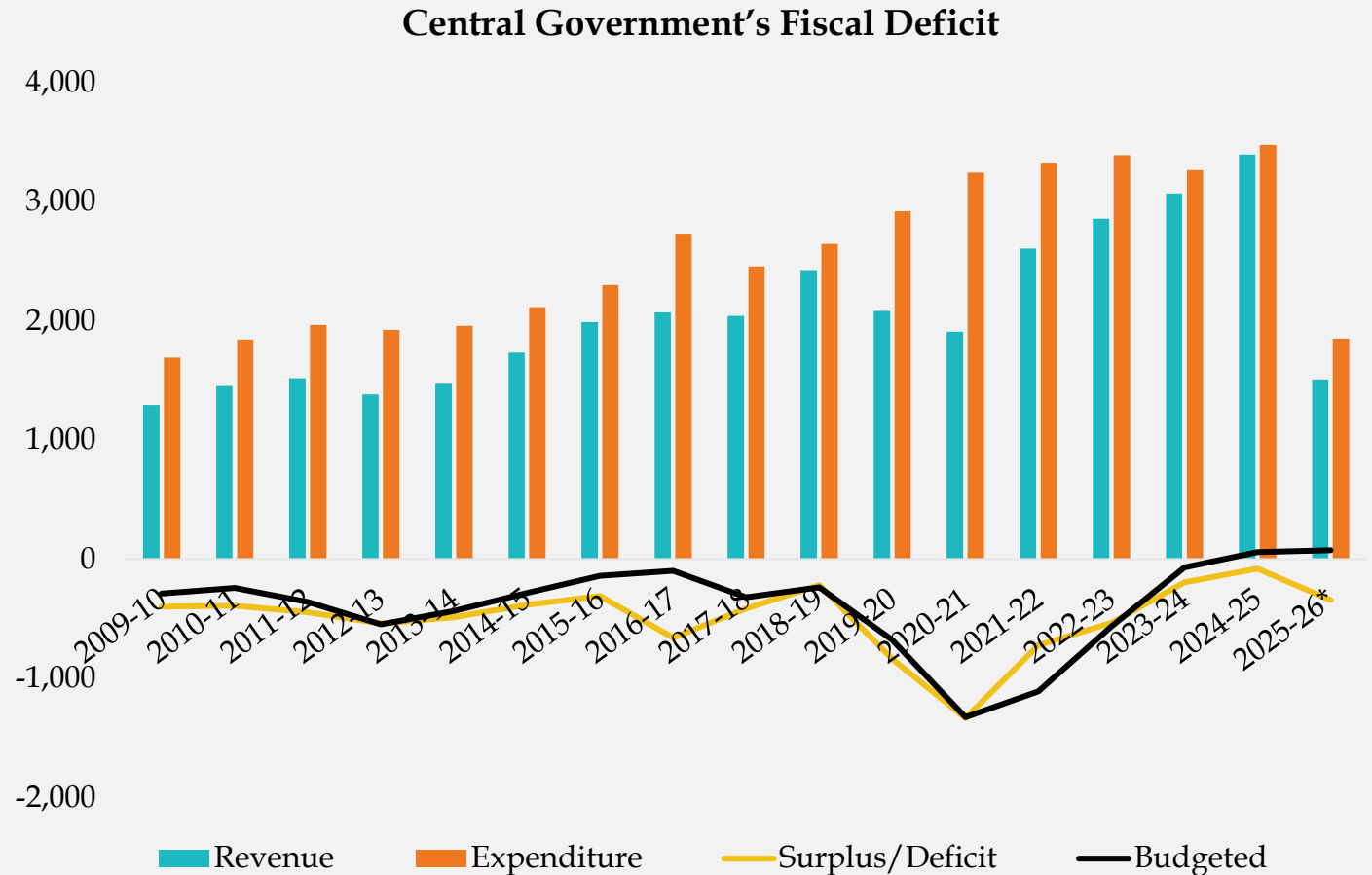
FISCAL SECTOR

Fiscal Sector

Provisional First Six Months FY2025/2026

During the first half of FY2025/26, the deficit narrowed to \$342.4 million, from \$367.7 million in the prior fiscal year. Underpinning this, the growth in total revenue outperformed the rise in aggregate expenditure.

- Total revenue rose by \$66.6 million (4.6%), to \$1,507.6 million.
 - In particular, VAT receipts grew by \$76.1 million (11.5%) to \$739.1 million.
- Total expenditure increased by \$41.3 million (2.3%) to \$1,850.0 million.
 - Recurrent expenditure advanced by \$42.2 million (2.6%) to \$1,658.3 million.
 - Conversely, capital outlays decreased by \$0.9 million (0.5%) to \$191.7 million.



Source: Bahamas Ministry of Finance
 *Data for first half of 2025/2026

Budget Projections vs. Actual Outturn First Half of FY2025/2026

(B\$ Millions)

	Actual Outturn	Budgeted	% of Budget
Revenue	1,507.6	3,896.3	38.7
Tax Revenue	1,345.9	3,439.2	39.1
Non-tax Revenue	160.7	447.9	35.9
Expenditure	1,850.0	3,820.8	48.4
Recurrent Expenditure	1,658.3	3,444.5	48.1
Capital Expenditure	191.7	376.3	50.9



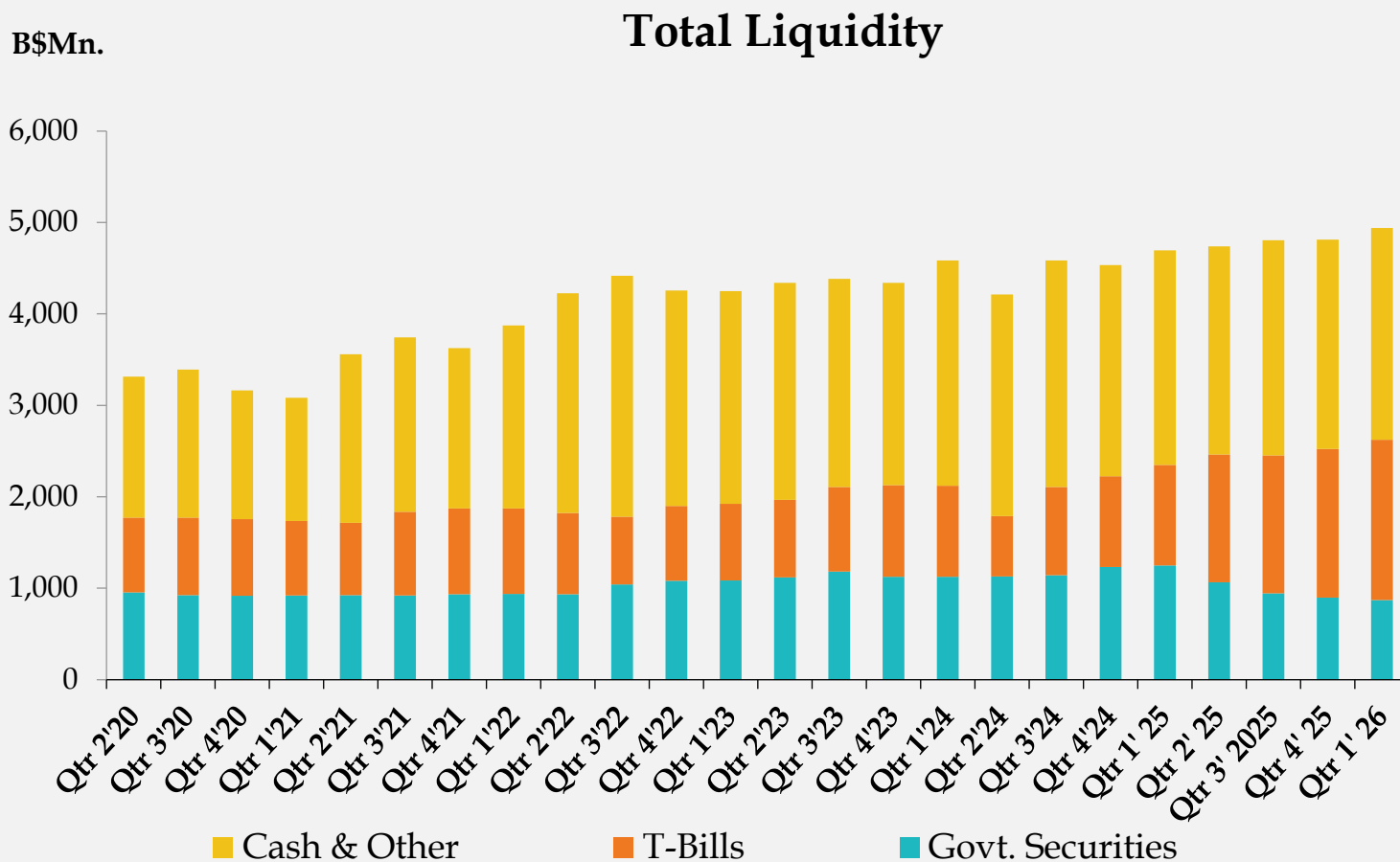
MONETARY SECTOR

Money and Banking: Liquidity Conditions

January-March 2026 vs. 2025

During the first quarter of the year, bank liquidity and foreign reserves expanded, as the growth in the deposit base outpaced the rise in domestic credit.

- Excess reserves rose on a seasonal basis by \$132.7 million, versus by \$63.8 million a year earlier.
- Similarly, excess liquid assets grew seasonally by \$199.9 million, as compared to by \$152.2 million in the same period last year.



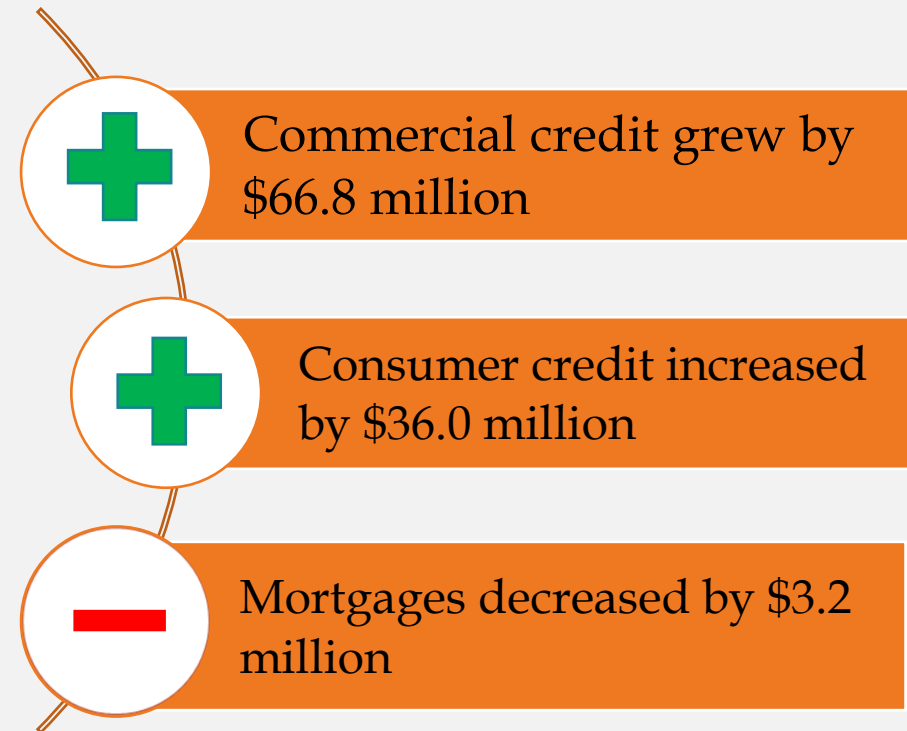
Lending Conditions

January – March 2026 vs. 2025

During the first quarter of 2026, total Bahamian dollar credit increased by \$34.4 million, a reversal from the \$8.5 million decline in the comparable 2025 period.

- Net claims on the Government fell by \$46.4 million, a slowdown from the \$93.5 million decline in the previous year.
- In addition, credit to public corporations contracted by \$18.8 million, a turnaround from the \$30,000 uptick in the prior year.

- Private sector credit growth firmed moderately to \$99.6 million, from \$85.0 million in 2024.

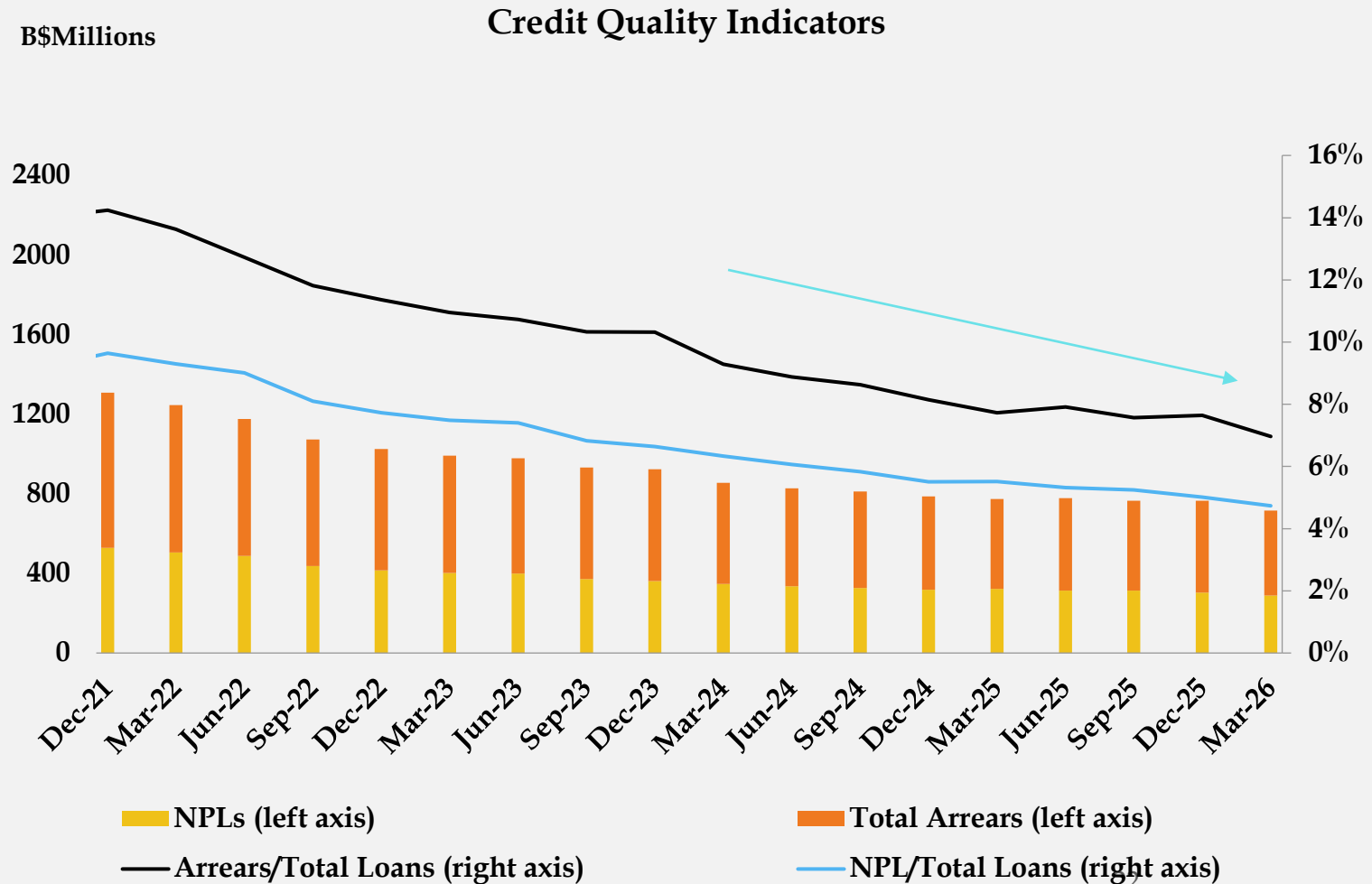


B\$ Credit Quality Indicators

January-March 2026 vs. 2025

- During the first quarter, the average arrears rate for private sector loans reduced to 7.0% from 7.7% last year.
 - The short-term arrears rate was 2.2% (2.2% in March 2025).
 - The NPL rate was 4.7% (5.5% in March 2025).

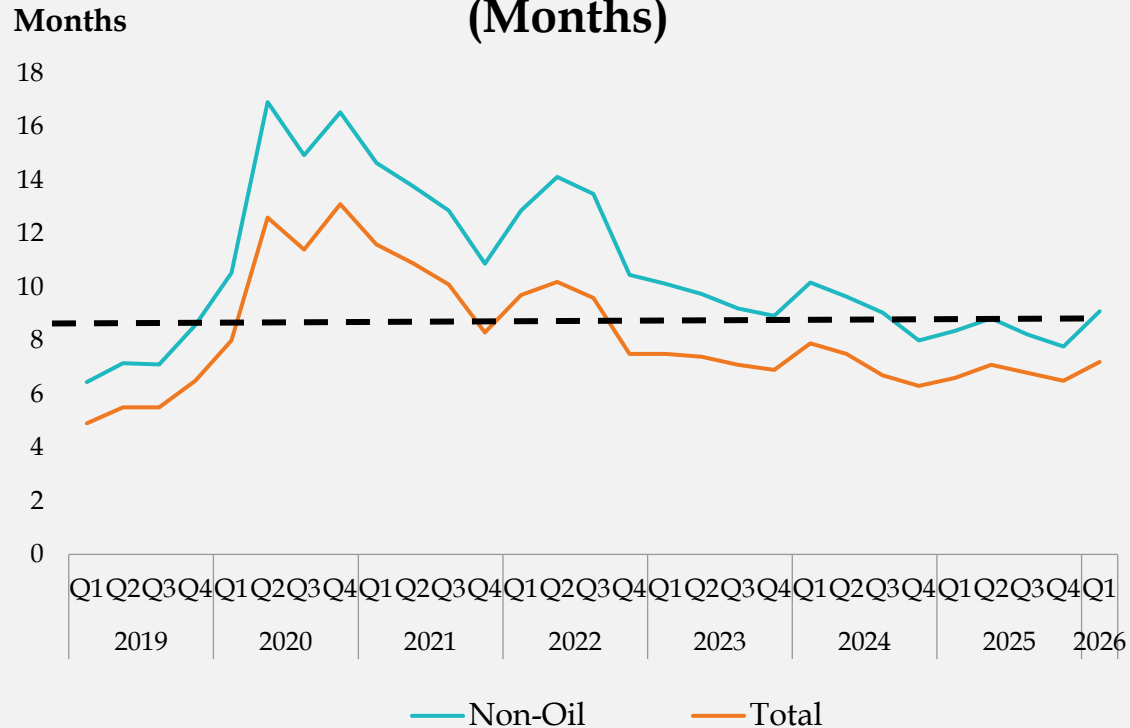
- Arrears rate by loan type:
 - Mortgages: 10.0% vs 11.4% in 2025.
 - Consumer: 5.2% vs 5.7% in 2025.
 - Commercial: 4.1% vs 3.6% in 2025.



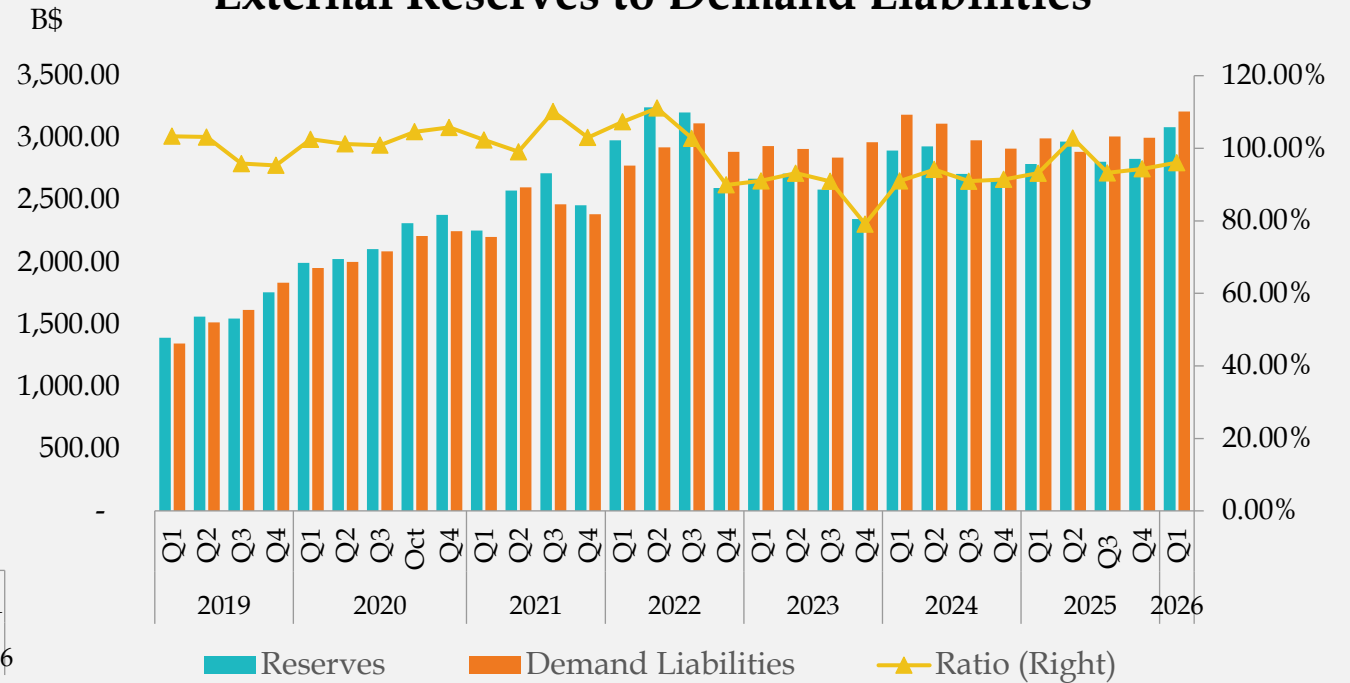
External Reserves

January- March 2026 vs. 2025

Import Cover Ratio (Months)



External Reserves to Demand Liabilities



Source: The Central Bank of The Bahamas

In the first three months of 2026, the season growth in external reserves advanced to \$273.1 million from \$174.0 million in the comparative 2025 period, for an ending balance of \$3,085.3 million. At the end of March, external balances were:

- Equivalent to 96.1% of the Central Bank's demand liabilities.
- Equivalent to 7.2 months of the current year's total merchandise imports.



BANK LENDING CONDITIONS SURVEY RESULTS

Bank Lending Conditions Overview (July – December 2025)

During the second half of 2025, bank lending conditions improved, vis-à-vis the same period of 2024.

The trend was underpinned by growth in both credit applications received and approved.

- **Total applications processed: 20,376.**
 - A 1.1% increase over the latter half of 2024.
 - Requests from New Providence accounted for 83.8% of total applications received.
- **Approval Rate: 85.7%**
- Important reasons for personal credit denials continued to include high debt service ratio (DSR), insufficient job tenure, and prior loan delinquencies and various “other” miscellaneous factors.

Bank Lending Conditions Overview (July – December 2025)

Throughout the latter half of 2025, bank lending indicators improved, as compared to the same period of 2024, driven primarily by a strengthening in consumer loan applications.

Consumer Applications

- Consumer applications firmed by 2.7%, year-on-year and accounted for 95.5% of total loans.
- The approval rate rose by 5.0 percentage points to 86.7%

Mortgage Applications

- Applications for mortgage further reduced by 24.6%, after a 7.6% falloff in the six-months to December 2024.
- The approval rate contracted by 4.0 percentage points, to 50.6%.

Commercial Applications

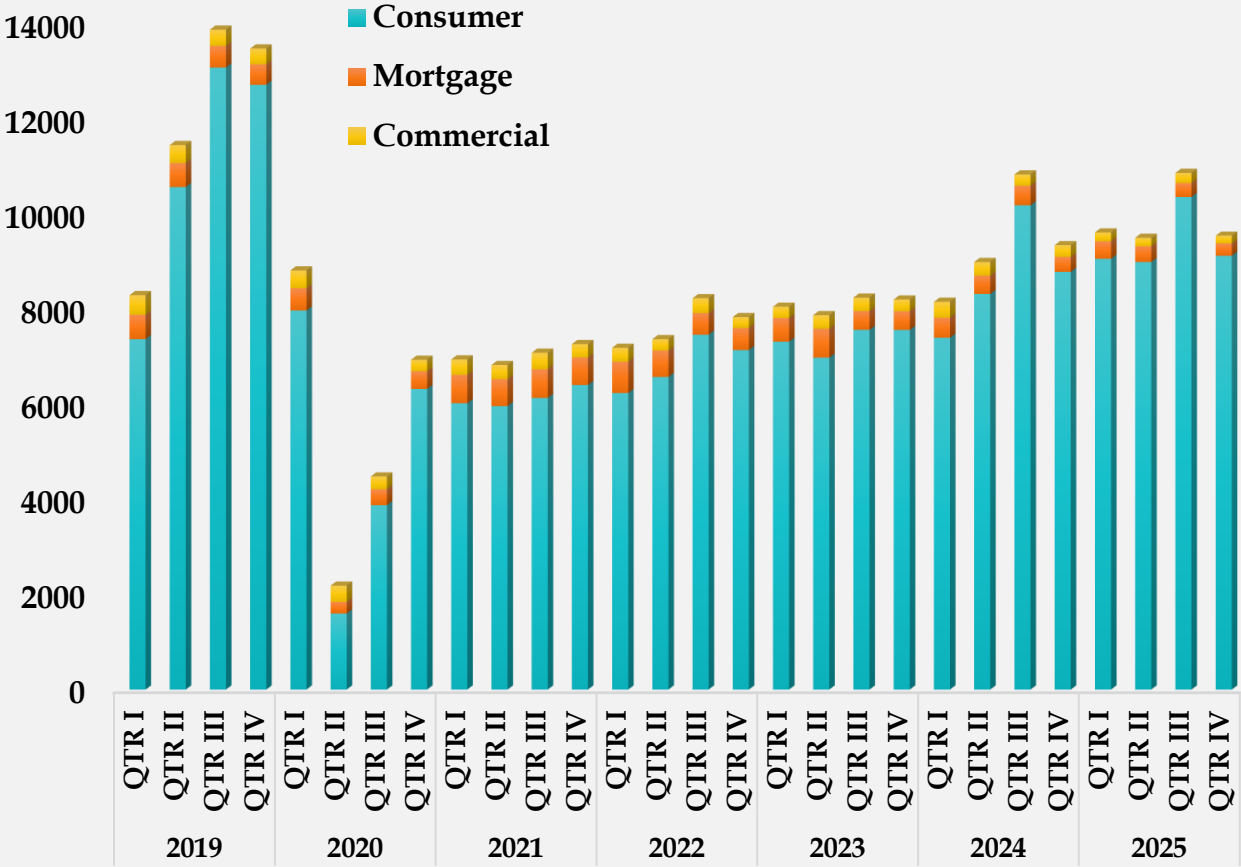
- Commercial credit applications decreased by 21.7% year on year, on account of a reduction in the number of Family Islands applications.
- The approval rate declined by 1.6 percentage points, to 87.1%, relative to December 2024.

Loan Denials

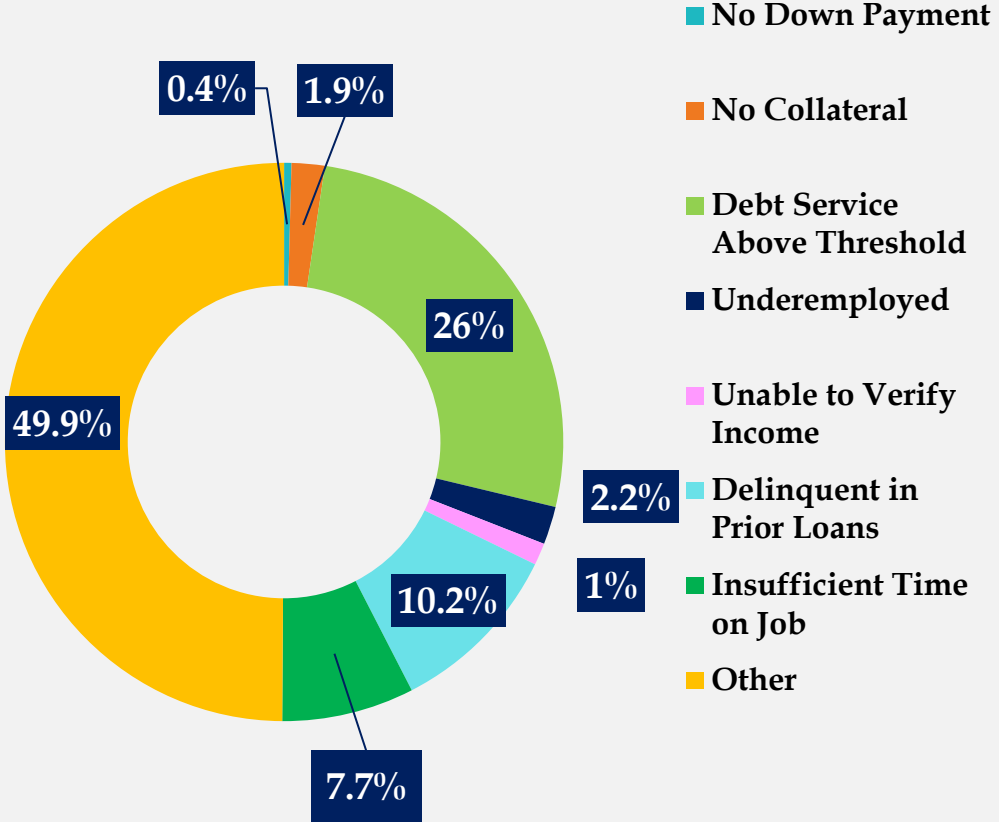
- Lenders cited “other” miscellaneous reasons, high debt service ratio (DSR), prior loan delinquencies, and insufficient job tenure as top reasons for credit refusals in the review period.

Bank Lending Conditions Overview (July - December 2025)

Loan Applications Received by Loan Type



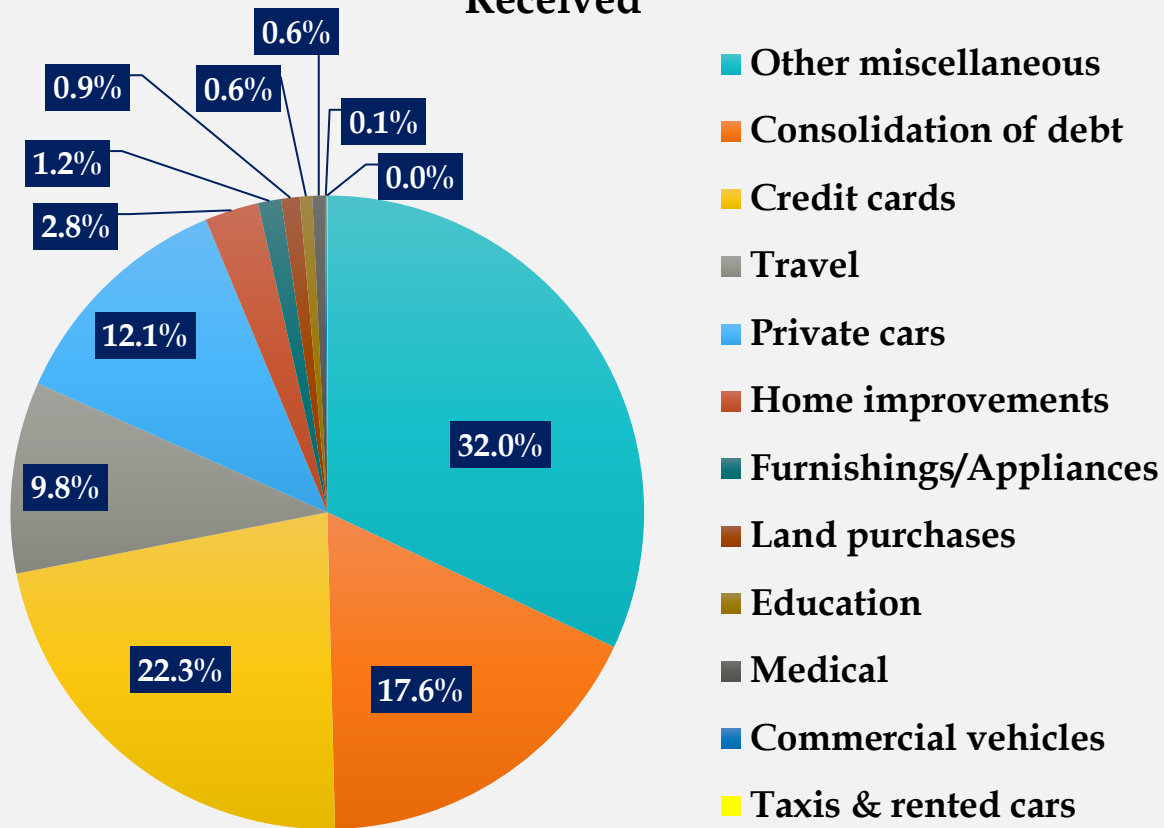
Loan Denial Reasons



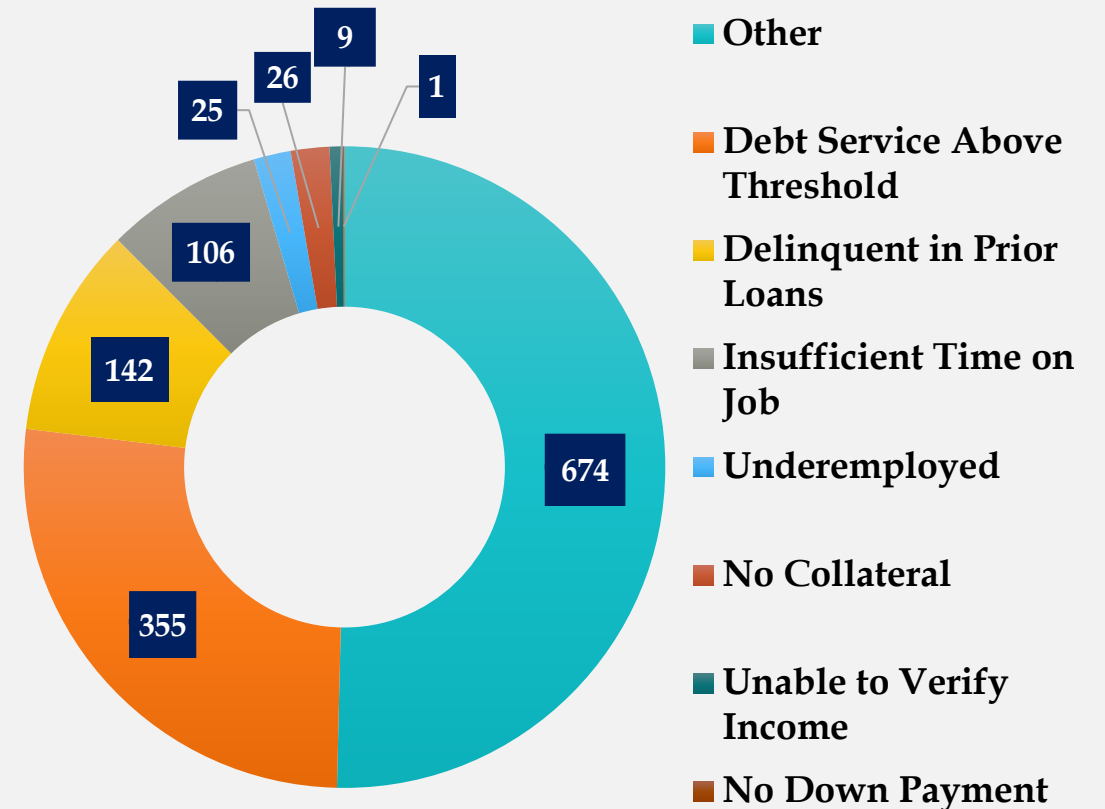
Source: The Central Bank of The Bahamas

Bank Lending Conditions (Consumer Loan Applications)

Largest Categories of Consumer Loan Applications Received

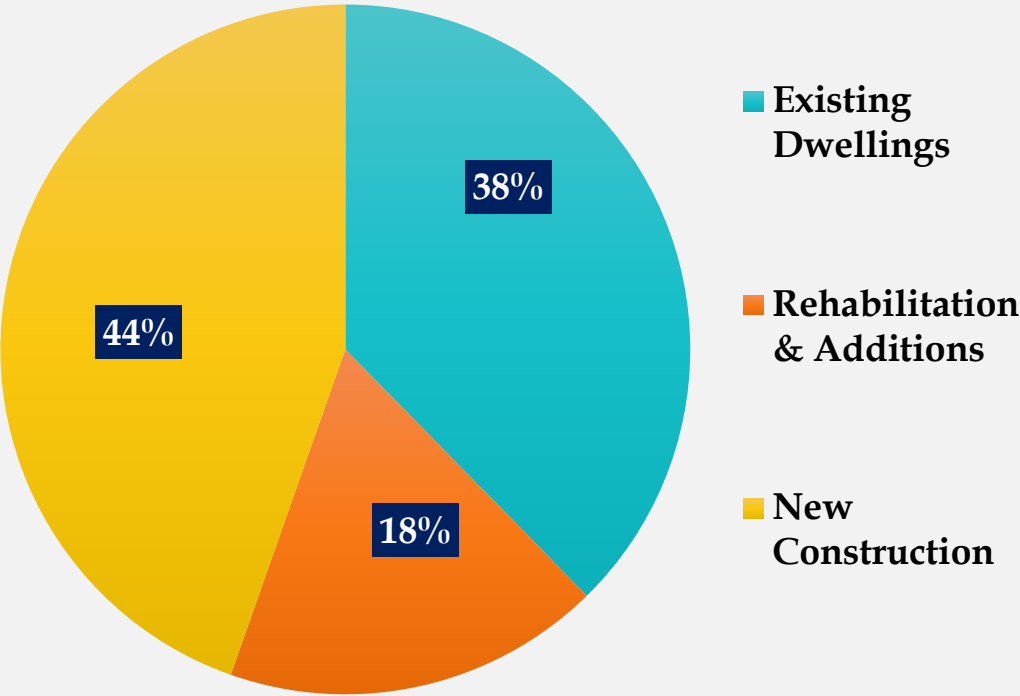


Reasons for Consumer Loan Denials

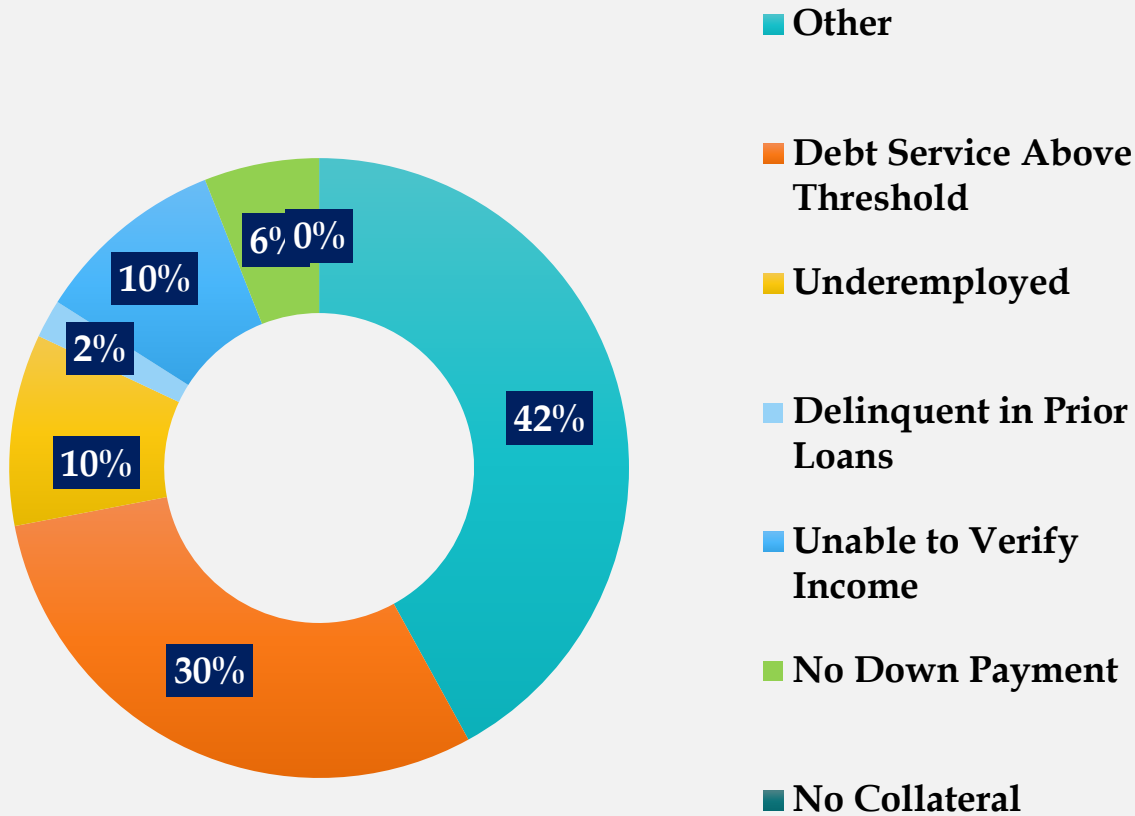


Bank Lending Conditions (Mortgage Applications)

Residential Mortgages Applications



Reasons for Mortgage Loan Denials



Source: The Central Bank of The Bahamas



OUTLOOK

Real Sector

- The domestic economy is expected to experience slower growth in 2026, relative to 2025, given increased headwinds from geopolitical tensions. Forecast though, are still above the expected medium-term potential. Tourism performance and several new and ongoing foreign investment projects are anticipated to fuel gains.
- However, downside risks to tourism persist, given escalated geopolitical tensions in the Middle East and Eastern Europe, elevated oil prices, and ongoing US trade policy uncertainty.
- Further employment growth is anticipated, with job gains concentrated predominantly in the tourism and construction sectors.
- With regard to prices, domestic inflation is projected to rise in the near-term, reflecting higher imported costs and supply chain disruptions stemming from the conflicts in the Middle East and Eastern Europe.

Fiscal Sector

- The positive, though moderated, growth outlook, supports a continue downward projection in Government's net financing gap as revenue strengthens, attributed to growth in tourism output, improvements on taxable economic activities, and implementation of the domestic minimum corporate tax.
- Net financing of the estimated budgetary gap is expected to include a combination of domestic and external borrowing, but with a sustainable, higher proportion of total funding from domestic sources.

Monetary Sector and External Reserves



Banking sector liquidity is forecasted to remain elevated over the near-term.

However, growth in private sector credit is projected to firm in 2026, which could induce a slight reduction in bank liquidity.



In 2026, external reserve trends are anticipated to end the year close their 2025 levels, staying above international benchmarks, bolstered by receipts from government external borrowing, tourism, and other private-sector activities.

Balances are anticipated to remain at satisfactory levels to sustain the Bahamian dollar currency peg.

Risks to The Outlook

TOURISM

Prolonged Middle East conflict and elevated global oil prices could negatively impact travel demand.

EXTERNAL RESERVES

Higher foreign currency demand for imports and rebuilding activities from hurricanes could accelerate reserve depletion.

GLOBAL

Ongoing geopolitical tensions and oil supply shocks could slow the global outlook.

INFLATION

Geopolitical tensions, contractions in oil production, trade barriers, and elevated food prices could result in sustained higher prices.

EMPLOYMENT

Slowdown in the tourism sector could impede job creation.

FISCAL

Softened travel demand could translate into lower indirect tax receipts, and combined with a higher fuel bill, could weaken the fiscal balance.

The End

