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OVERVIEW

During the first quarter of 2021, domestic economic developments were largely influenced by the Novel Coronavirus (COVID-19) pandemic, which contributed to depressed conditions. Tourism output remained contracted, with the high value-added stopover segment of the market at historic lows and the dominant sea component suspended. Nevertheless, a number of small to medium-scale foreign investment projects, combined with ongoing post-hurricane rebuilding works, undergirded activity in the construction sector. In price developments, inflation remained relatively subdued over the review quarter, despite an uptick in international oil prices.

Provisional estimates for the third quarter of FY2020/21 revealed that the Government's overall deficit widened sharply, vis-à-vis the comparative quarter of FY2019/20. The outturn was owing in large measure to a significant decline in revenue collections, reflecting the falloff in tax receipts due to the disruption in economic activities as a result of COVID-19, which overshadowed the decrease in aggregate expenditure. Budgetary financing was mainly sourced from the domestic market, and consisted of a combination of both long and short-term debt.

Monetary developments were marked by contractions in both bank liquidity and external reserves, with the growth in domestic credit surpassing the rise in the deposit base. In addition, banks' credit quality indicators weakened, underpinned by lackluster economic conditions, associated with the COVID-19 pandemic. Further, the latest available data for the fourth quarter of 2020, indicated that domestic banks recorded a net loss, explained significantly by higher provisioning for bad debt and write downs of other asset valuations.

On the external side, the estimated current account balance[1] registered a deficit during the review quarter, a turnaround from a surplus recorded in the same period last year, amid a considerable reduction in the services account surplus, as globally imposed travel restrictions related to the spread of the virus, led to a notable decline in travel receipts. Similarly, the estimated surplus on the capital account decreased, while the financial account liabilities, excluding reserve assets, increased sharply, underpinned by a surge in other and direct investments liabilities.

REAL SECTOR

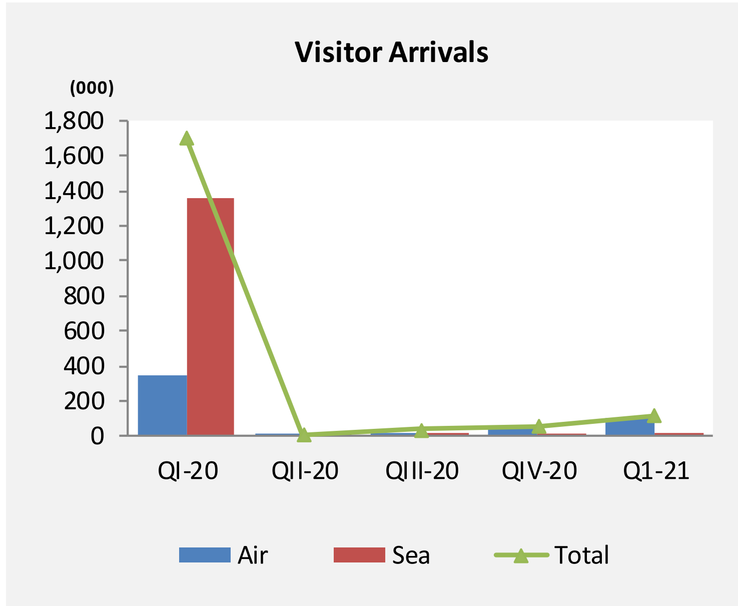
TOURISM

During the first quarter of 2021, tourism sector output remained depressed. Developments continued to be negatively impacted by the Novel Coronavirus, as despite the commencement of the vaccination process, global travel restrictions persisted. Consequently, the high value-added air arrivals remained at historic lows, while the sea segment stayed offline during the review period.

Information from the Ministry of Tourism revealed that total visitor arrivals declined by 93.2% to 115,894 during the first three months of 2021, extending the 14.7% falloff to 1.7 million in the same period last year,

[1] Figures compiled using the new Balance of Payments Sixth Edition Manual (BPM6) format.

when the effect of the pandemic was only felt partially. In particular, sea arrivals reduced to only 13,012, relative to a 10.5% decline to 1.4 million in 2020, while air passengers contracted by 70.4% to 102,882, compared to a 27.9% falloff to 348,008 a year earlier.



A breakdown by first port of entry showed that tourist arrivals to New Providence equalled just 68,237, extending the 29.3% decrease to 874,745 last year, as air and sea passengers amounted to 65,074 and 3,163, respectively. Likewise, visitor traffic to the Family Islands totalled 43,219, a reversal from a 21.1% increase last year to 0.7 million, underpinned by notable reductions in both air and sea arrivals to 35,337 and 7,882, respectively. Further, in Grand Bahama only 4,438 tourists were recorded, expanding the 34.0% contraction last year, reflecting only 2,471 air visitors and 1,967 sea passengers.

Similar trends were observed in the private vacation rental market, as domestic demand slowed and local hotel resorts partially resumed operations. Specifically, total room nights booked reduced by 39.7%, relative to the first quarter of 2020, as entire place and hotel comparable bookings fell by 38.8% and by 45.8%, respectively. An analysis of the listing category showed that average occupancy levels for entire place listings declined by 7.5%; however, the average daily rate (ADR) rose by 17.2% to $456.46. Similarly, hotel comparable listings registered a 12.9% decrease in average occupancy rates, as the ADR rose by 2.2% to $159.54.

Data provided by the Nassau Airport Development Company Limited (NAD) revealed that total departures—net of domestic passengers—amounted to 71,686, deepening the 13.8% reduction to 370,659 a year earlier. Specifically, U.S. departures totalled 66,471, extending the 14.3% declined to 310,328 in 2020, while non-U.S. international departures reduced to only 5,215, compared to an 11.3% decrease to 60,331 a year prior.

Construction

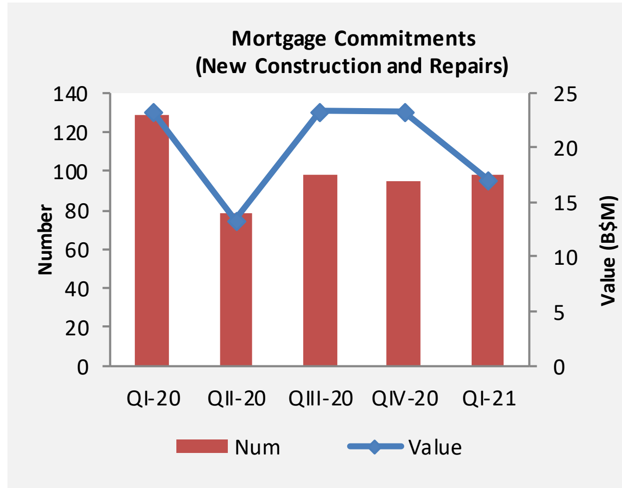
Construction sector activity during the first quarter remained supported by ongoing small to medium-scale foreign investment projects. Meanwhile, domestic private sector activity stayed weak during the first quarter of 2021.

In domestic financing developments, total mortgage disbursements for new construction and repairs—as reported by banks, insurance companies and the Bahamas Mortgage Corporation—decreased by 6.0% ($1.6 million) to $24.4 million, albeit a moderation from the 18.1% reduction a year prior. Underlying this outturn, the falloff in residential mortgage disbursements slowed by 6.8% ($1.8 million) to $24.2 million, from a 16.7% decline last year. Further, the commercial segment amounted to $0.2 million, following no new disbursements in the comparative 2020 period.

Total mortgage commitments for new buildings and repairs—a forward-looking indicator of domestic activity—fell by 31 to 98, compared to the same period in 2020, while the corresponding value decreased by

26.9% to $17.1 million. An analysis by loan category revealed that commitments in the heavy weighted residential sector reduced by 30 to 95, while the corresponding value declined by 25.3% to $16.2 million. Further, commercial commitments decreased by 1 to 3, with the associated value contracting by 47.7% to $0.9 million.

With regard to interest rates, average loan financing for commercial mortgages narrowed by 1.3 percentage points to 6.51%. Likewise, the average rate for residential mortgages fell by 56 basis points to 6.23%.



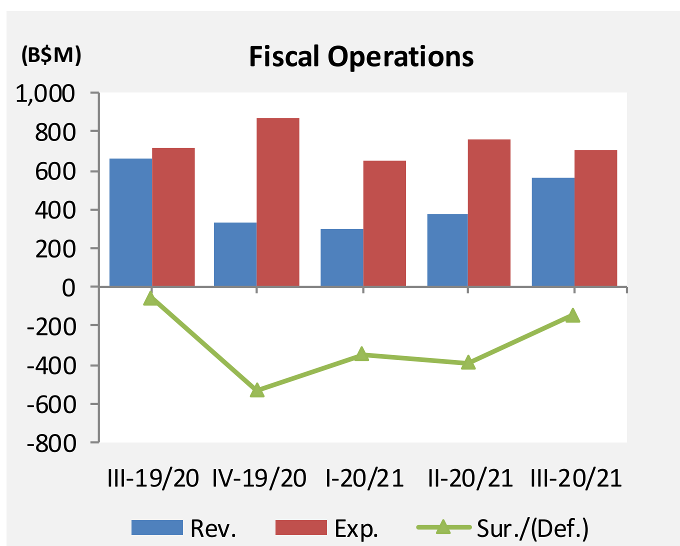
Prices

Domestic consumer price inflation—as measured by changes in the average Retail Price Index for The Bahamas—slowed to a muted 0.04% during the twelve months to February, from 2.2% in the comparative period of 2020. Contributing to this outturn, after posting respective increases in the prior year, average costs for communication declined by 8.3%; for transport, by 5.4%; recreation & culture, by 1.5%, and housing, water, gas, electricity & other fuels, by 0.2%. In addition, average prices slowed for health (3.1%), restaurants & hotels (2.6%), alcohol beverages, tobacco & narcotics (2.4%) and furnishing, household equipment & maintenance (1.9%). In a modest offset, inflation rates quickened for miscellaneous goods and services (3.3%), food & non-alcoholic beverages (1.9%) and clothing & footwear (1.2%). Further, the average price decrease moderated for education (2.4%).

Fiscal Operations

Overview

Provisional data on the Government's budgetary operations for the third quarter of FY2020/21 revealed that the deficit widened to $143.8 million from $55.8 million in the comparable period of FY2019/20. Underpinning this outturn was a sharp decrease in revenue collections, led by a falloff in tax receipts, largely reflective of the disruption in economic activities related to COVID-19. In particular, total revenue fell by $100.6 million (15.3%) to $556.4 million, while aggregate expenditure reduced by $12.6 million (1.8%) to $700.2 million.



Revenue

Tax receipts—which comprised 83.5% of total revenue—contracted by $93.2 million (16.7%) to $464.6 million, owing primarily to a COVID-19 related reduction in VAT collections—at a dominant 39.5% of total receipt—by $40.2 million (18.0%) to $183.4 million. Similarly, proceeds from stamp taxes on financial and realty transactions were lower by $5.3 million (20.9%) at $20.1 million. In addition, collections from excise and specific taxes—mainly gaming—declined by$15.0 million (27.2%) and $6.0 million (52.6%) to $40.1 million and $5.4 million, respectively.

Further, taxes on the use of goods decreased by $4.3 million (4.8%) to $84.0 million, largely attributed to a falloff in general business licenses fees, by $9.7 million (13.6%) to $61.6 million. Conversely, motor vehicle taxes grew by $3.8 million (56.3%) to $10.6 million, company taxes, by $1.6 million (16.1%) to $11.2 million and marine license activities, by $0.1 million (8.8%) to $0.6 million.

In terms of the remaining categories, as economic activity continue to face headwinds and international travel remained depressed, taxes on international trade reduced by $42.1 million (41.3%) to $59.9 million, led by a sharp decrease in departure taxes, by $42.3 million (93.5%) to just $2.9 million. Further, receipts from customs & other import duties fell by $5.0 million (9.4%) to $48.5 million. Providing a mild offset, export taxes more than doubled to $8.4 million. General stamp taxes also declined by $1.0 million (18.3%) to $0.3 million. In contrast, proceeds from property taxes rose by $20.6 million (40.4%) to $71.5 million.

Government Revenue By Source
January - March

	FY19/20		**FY20/21**	
	B$M	%	B$M	%
Property Tax	51.0	7.8	71.5	12.9
Value Added Tax	223.6	34.0	183.4	33.0
Stamp Taxes (Financial & Realty)	25.3	3.9	20.1	3.6
Excise Tax	55.0	8.4	40.1	7.2
Specific Taxes (Gaming Tax)	11.4	1.7	5.4	1.0
Motor Vehicle Taxes	6.8	1.0	10.6	1.9
Company Taxes	9.6	1.5	11.2	2.0
License to Conduct Specific Bus. Act.	71.3	10.9	61.6	11.1
Marine License Activities	0.6	0.1	0.6	0.1
Bank & Trust Companies	--	--	--	--
Customs & Other Import Duties	53.5	8.1	48.5	8.7
Taxes on Exports	3.2	0.5	8.4	1.5
Departure Taxes	45.2	6.9	2.9	0.5
Other Taxes on Transctions	--	--	--	--
General Stamp Taxes	1.2	0.2	0.3	--
Property Income	15.0	2.3	1.6	0.3
Sales of Goods & Services	40.8	6.2	45.7	8.2
Fines, Penalties & Forfeits	2.1	0.3	1.6	0.3
Reimbursements & Repayments	39.4	6.0	42.4	7.6
Misc. & Unidentified Revenue	2.0	0.3	0.4	0.1
Sales of Other Non-Financial Assets	0.1	--	--	--
Grants	--	--	--	--
Capital Revenue	--	--	--	--
Total	**657.0**	**100.0**	**556.4**	**100.0**

Non-tax receipts—at 16.5% of total revenue—were lower by $7.5 million (7.5%) at $91.8 million. The outcome was primarily attributed to a reduction in property income by $13.3 million (89.0%) to $1.6 million, explained by a falloff in revenue from Government properties and interest dividends. In addition, proceeds from fines, penalties & forfeitures fell by $0.4 million (20.7%) to $1.6 million. Income from "miscellaneous" and unidentified taxes also decreased to $0.4 million from $2.0 million a year earlier, while revenue from the sale of non-financial assets remained at negligible levels. In a modest offset, revenue from sales of goods and services rose by $4.8 million (11.9%) to $45.7 million, reflecting a notable rise in collections from immigration fees, custom permit and general services.

EXPENDITURE

The reduction in total expenditure was largely attributed to a $22.7 million (28.0%) decrease in capital outlays to $58.6 million, which outstripped the growth in current spending, by $10.1 million (1.6%) to $641.6 million.

By economic categorization, the increase in current spending was led by a notable rise in disbursements for social assistance benefits, to $94.1 million from $44.1 million a year earlier, related to the COVID-19 pandemic. Similarly, interest payments on public debt rose by $4.1 million (5.3%) to $81.0 million, mainly reflecting higher payments on internal debt. In contrast, payments for employee compensation declined by $21.8 million (11.3%) to $170.9 million. In addition, spending for the use of goods and services reduced by

$14.8 million (11.5%) to $113.9 million, while subsidies lessened by $2.3 million (2.0%) to $110.7 million. Further, "other" miscellaneous payments decreased by $4.3 million (5.9%) to $69.3 million, owing primarily to a $9.0 million (32.6%) falloff in insurance premium payments to $18.6 million, which was offset by a $4.6 million rise in other current transfers.

The decrease in capital expenditure largely reflected a reduction in acquisition of non-financial assets, by $12.4 million (23.7%) to $40.0 million, occasioned by a considerable falloff in spending on fixed assets. Similarly, capital transfers were lower by $10.3 million (35.6%) at $18.6 million.

Financing and the National Debt

Budgetary financing during the third quarter of FY2020/21, was obtained largely from domestic sources and consisted of $152.1 million in Government bonds, $100.0 million in loans & advances and $1.0 million net Treasury bills/notes. Further, external funding amounted to $19.2 million. Debt repayment for the period totalled $159.0 million, with the largest portion (76.1%) being utilized to retire Bahamian dollar debt.

As a result of these developments, the Direct Charge on the Government rose by $108.2 million (1.1%) over the quarter and by $1,634.8 million (20.7%) on an annual basis, to $9,526.1 million at end-March 2021. A disaggregation by component, revealed that Bahamian dollar debt represented 56.0% of the total, while foreign currency liabilities accounted for remaining 44.0%.

A further disaggregation by creditor revealed that, banks held the largest share of local currency debt (42.2%), followed by "other" private and institutional investors (40.4%), public corporations (10.8%) and the Central Bank (6.6%). By instrument type, Government bonds comprised the majority of the domestic debt (72.6%) and featured an average maturity of 10.3 years, compared to 9.8 years in 2020. In addition, Treasury bills & notes and loans & advances represented smaller shares of 16.7% and 10.7%, respectively.

The Government's contingent liabilities contracted by $17.2 million (3.9%) over the previous quarter and by $296.1 million (41.2%), year-on-year, to $421.8 million. As a consequence, the National Debt—inclusive of contingent liabilities—expanded by $91.0 million (0.9%) over the three month period and by $1,338.7 million (15.5%), on an annual basis, to $9,947.9 million.

Estimates of the Debt-to-GDP Ratios
March (%)[1]

	2019p	2020p	2021p
Direct Charge	56.8	79.6	92.3
National Debt	62.4	86.9	96.4
Total Public Sector Debt*	57.9	80.5	90.4

Source: Central Bank of The Bahamas and the Department of Statistics

GDP estimate for 2021 is derived from IMF projections.

[1] In the absence of actual quarterly GDP data, the ratios presented should be taken as broad estimates of the relevant debt ratios and are therefore subject to revision.

**Preseneted partially net of inter-public sector credit.*

As a ratio to GDP, the Direct Charge rose by an estimated 12.6 percentage points on a yearly basis, to 92.3% at end-March. In addition, the National Debt-to-GDP ratio firmed to an estimated 96.4%, compared to 86.9% in the same quarter of 2020. The ratio is expected to subside, though only partially, as the GDP base recovers from the pandemic.

Public Sector Foreign Currency Debt

The public sector foreign currency debt grew by $46.4 million (1.0%) to $4,737.6 million during the first quarter, as amortization payments of $61.2 million, outstripped new drawings of $20.1 million. By component, the Government's outstanding liabilities—which accounted for 88.4% of the total—decreased by $24.0 million (0.6%) to $4,187.8 million on a quarterly basis. In addition, the public corporations' debt stock declined by $22.4 million (3.9%) to $549.8 million.

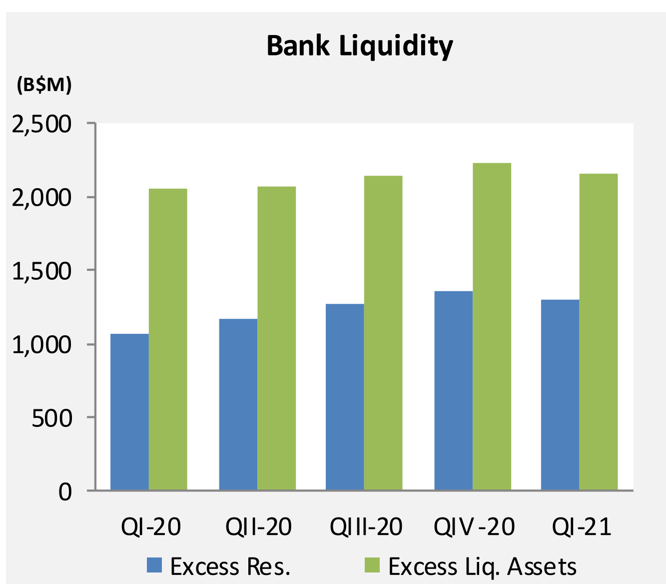
Relative to the same quarter of 2020, total foreign debt service payments grew by $36.0 million (61.5%) to $94.5 million. The outturn was due largely to a $28.1 million expansion in the Government's component to $62.8 million, as amortization payments increased by $23.3 million to $38.0 million, while interest charges moved higher by $4.8 million to $24.8 million. Further, the public corporations' debt service payments rose by $7.9 million to $31.6 million, as amortization payments advanced by $11.8 million to $23.3 million, overshadowing the decline in interest charges by $3.9 million to $8.4 million. As a result of these developments—and significantly impacted by revenue contraction—the Government's debt service to revenue ratio stood at 11.3% at end-March, an increase of 6.0 percentage points over the previous year, while the debt service ratio firmed to 21.0% from 5.1% in 2020.

A breakdown by creditor profile revealed that the majority of the foreign currency debt was held by capital market investors (52.3%), followed by non-resident financial institutions (20.2%), multilateral institutions (19.7%), domestic banks (6.4%) and bilateral agencies (1.4%). A disaggregation by currency type showed that, the majority of the stock was denominated in United States dollars (87.6%), with IMF SDRs, the Swiss franc, euro and the Chinese yuan, accounting for smaller portions of 5.5%, 4.0%, 1.5% and 1.4%, respectively. At end-March, the average maturity of the outstanding foreign currency debt stood at 8.5 years, a decline from the 8.8 years in 2020.

MONEY, CREDIT AND INTEREST RATES

OVERVIEW

Monetary developments during the first quarter of 2021 were marked by an expansion in domestic credit, which outpaced the rise in the deposit base. Correspondingly, both bank liquidity and external reserves contracted, reflective of a falloff in foreign currency inflows from real sector activities. In addition, banks' credit quality indicators deteriorated over the review quarter, as delinquencies within both the short-term and non-performing loans (NPL) segments registered increases. Further, the most recent profitability indicators available for the fourth quarter of 2020, revealed that banks registered a net loss over the review period, owing largely to a rise in provisioning for bad debt and other asset valuation write-downs, combined with decreases in income from "non-core" activities and net interest receipts. In interest rate developments, the weighted average interest rate spread narrowed over the first quarter, amid a decline in the average loan rate and a firming in the corresponding average deposit rate.



LIQUIDITY

During the review quarter, net free cash reserves of the banking system decreased by $62.2 million (4.6%), to $1,292.0 million, a reversal from a $98.3 million (10.2%) growth in the same period of 2020. At end-March, the ratio of free cash reserves to Bahamian dollar deposit liabilities stood at 17.6%, compared to 14.4% in the prior year. Reflecting mainly a reduction in banks' till cash and balances at the Central Bank, the broader surplus liquid assets declined by $71.6 million (3.2%) to $2,158.9 million, contrasting with last year's growth of $78.9 million (4.0%). The surplus liquid assets exceeded the statutory minimum by approximately 164.9% at end-March, vis-à-vis 157.6% a year earlier.

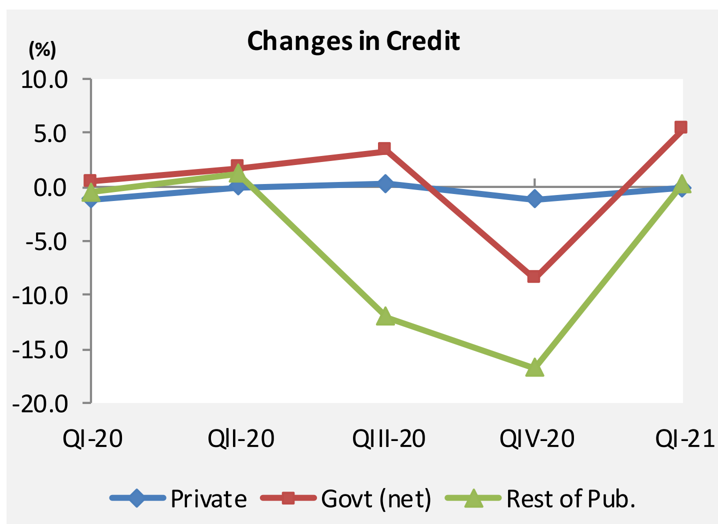
Deposits and Money

The overall money supply (M3) grew by $46.5 million (0.6%) to $7,909.5 million, notably lower than the $253.3 million (3.2%) expansion in 2020. With regard to the main components, the growth in narrow money (M1) moderated sharply to $28.4 million (0.8%), from $236.0 million (7.3%) in the previous year. The outturn was mainly attributed to a deceleration in the buildup in demand deposits to $33.3 million (1.1%), from $226.8 million (7.8%) last year, underpinned by tapered gains in both public and private placements. In addition, currency in active circulation reduced by $4.9 million (1.3%), contrasting with an increase of $9.2 million (2.7%) in 2020. Further, accretions to broad money (M2) slowed to $24.4 million (0.3%), from $234.1 million (3.2%) in the prior period. In particular, savings deposits decreased by $2.9 million (0.2%), after a $94.3 million (5.8%) expansion a year earlier. In contrast, the falloff in fixed balances waned to $1.1 million (0.1%), compared with a decline of $96.1 million (4.0%) in the preceding year. Meanwhile, the growth in residents' foreign currency deposits quickened to $22.2 million (6.2%), from $19.2 million (3.3%) a year earlier.

A disaggregation by category showed that Bahamian dollar demand deposits constituted the largest share of the aggregate money stock, at 39.6%, followed by fixed balances, at 28.4% and savings deposits, at 22.6%. Smaller shares were held for residents' foreign currency deposits (4.8%) and currency in active circulation (4.6%).

Domestic Credit

Buoyed by a rise in net claims on the Government, total domestic credit rose by $126.0 million (1.4%) during the first quarter, a turnaround from a $62.4 million (0.7%) falloff in the same period last year; and relative to an average decrease of 0.9% over the preceding five-year period. In particular, the dominant Bahamian dollar component—at 95.5% of the total—expanded by $123.5 million (1.5%), outpacing the $7.1 million (0.1%) increase a year earlier. In addition, foreign currency credit grew by $2.5 million (0.6%), contrasting with a $69.5 million (16.2%) contraction in the previous period.



Disaggregated by sector, the growth in net credit to the Government accelerated to $134.2 million (5.0%), compared to $12.5 million (0.5%) in 2020; and an average decrease of 1.9%, over the past five years. In addition, credit to the rest of the public sector edged up by $0.9 million (0.3%), reversing the $2.3 million (0.5%) falloff a year earlier. Further, the reduction in private sector credit moderated to $9.1 million (0.2%), from $72.6 million (1.2%) in the prior year.

A decomposition of the various private sector categories showed that personal loans—which represented the largest share (72.1%) of total credit—declined by $18.4 million (0.4%), a reversal from an $8.4 million

(0.2%) gain in 2020; and relative to an average reduction of 0.1% over the past five years. Contributing to this outturn, broad-based decreases were recorded for consumer credit, residential mortgages and overdrafts, of $15.5 million (0.7%), $1.5 million (0.1%), and $1.4 million (3.1%), respectively.

A detailed breakdown of Bahamian dollar consumer credit revealed net repayments for credit cards ($14.1 million), debt consolidation ($5.1 million) and private cars ($1.2 million). More muted reductions of less than $1.0 million occurred for travel, home improvement, education and taxis & rented cars. Conversely, net lending rose for "miscellaneous" purposes ($2.5 million) and land purchases ($1.9 million). Further, more modest gains occurred for furnishings & domestic appliances ($0.2 million) and commercial vehicles ($0.1 million).

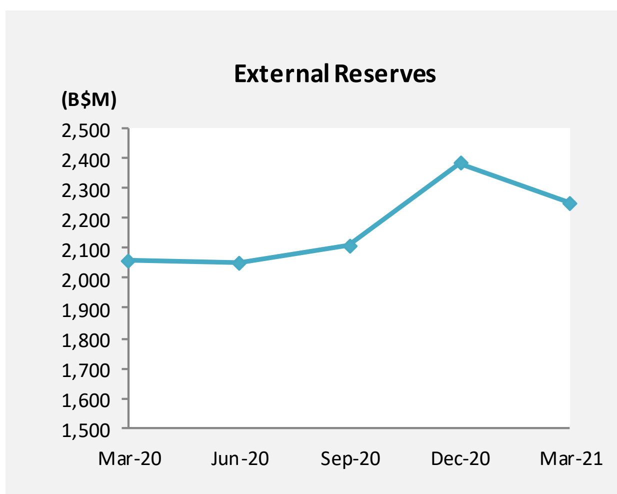
Among the remaining private sector loan categories, credit balances increased for manufacturing ($5.6 million), agriculture ($3.8 million), transport ($2.3 million), construction ($1.7 million), fisheries ($0.6 million), entertainment & catering ($0.5 million) and tourism ($0.4 million). In contrast, outstanding debt reduced for professional & "other" services ($4.0 million), distribution ($2.0 million), "miscellaneous" purposes ($0.9 million) and private financial institutions ($0.3 million).

Distribution of Bank Credit By Sector (End-Mar.)

	2021		2020	
	B$M	%	B$M	%
Agriculture	13.1	0.2	5.0	0.1
Fisheries	1.6	0.0	1.0	0.0
Mining & Quarrying	2.0	0.0	2.2	0.0
Manufacturing	45.1	0.7	37.8	0.6
Distribution	264.4	3.9	241.8	3.5
Tourism	14.3	0.2	13.9	0.2
Enter. & Catering	21.4	0.3	19.0	0.3
Transport	38.4	0.6	33.0	0.5
Construction	314.3	4.7	312.9	4.6
Government	911.0	13.5	840.6	12.3
Public Corps.	91.7	1.4	204.3	3.0
Private Financial	19.7	0.3	25.1	0.4
Prof. & Other Ser.	51.0	0.8	55.5	0.8
Personal	4,854.0	72.0	4,951.8	72.4
Miscellaneous	95.0	1.4	96.5	1.4
TOTAL	**6,737.0**	**100.0**	**6,840.3**	**100.0**

Mortgages

The most recent data provided by banks, insurance companies and the Bahamas Mortgage Corporation indicated that the total value of outstanding mortgages reduced by $8.4 million (0.3%) over the review period, to $2,962.7 million, a moderation from the $17.1 million (0.6%) falloff in the prior year. Specifically, the dominant residential component—which comprised 94.3% of the total—decreased by $11.2 million (0.4%), in-line with the $11.4 million (0.4%) reduction in the previous year, for an ending balance of $2,792.4 million. In contrast, the commercial component rose by $2.8 million (1.7%) to $170.3 million, a reversal from a $5.7 million (3.2%) decline in the preceding year. At end-March, domestic banks held the majority of outstanding mortgages (87.9%), followed by insurance companies (6.5%) and the Bahamas Mortgage Corporation (5.6%).



The Central Bank

Reflective of a notable rise in loans and advances, the Central Bank's net claims on the Government rose by $72.8 million (40.9%) to $250.7 million, a reversal from a $178.6 million (45.1%) contraction in 2020. In addition, the Bank's net liabilities to the rest of the public sector reduced by $8.1 million (17.9%), following a $27.2 million (63.9%) growth in the previous year, underpinned by a falloff in deposits. Further, owing to decreases in both deposits, and notes and coins in circulation, the decline in liabilities to commercial banks quickened to $64.5 million (3.7%), from a growth of $70.1 million (5.0%) a year earlier, resulting in an ending balance of $1,674.0 million.

During the first quarter, external reserves reduced by $131.4 million (5.5%), to $2,250.7 million, contrasting with a $301.2 million (17.1%) expansion in 2020, which had included re-insurance receipts. Contributing to this outturn, the Bank recorded net foreign currency sales of $128.1 million, a turnaround from the previous year's net purchases of $379.7 million. Specifically, net sales to commercial banks amounted to $50.6 million, contrasting with a net intake of $360.7 million in 2020. Similarly, net sales to the Government amounted to $17.9 million, after net inflows of $25.4 million a year earlier. Further, sales to public corporations accelerated to $59.6 million, from $6.4 million in the prior year.

At end-March, the stock of external reserves was equivalent to an estimated 54.2 weeks of the current year's merchandise imports (inclusive of oil purchases), relative to 34.6 weeks in the corresponding period of 2020. Following adjustment for the 50% statutory requirement on the Central Bank's Bahamian dollar demand liabilities, "usable" reserves stood $72.0 million (6.7%) higher at $1,148.8 million, vis-à-vis the same period in 2020.

Domestic Banks

Attributed to gains in credit and foreign securities, domestic banks recorded a $45.9 million (19.1%) decline in net foreign liabilities, to $194.4 million, after an almost three-fold increase in net foreign assets last year, from $32.6 million to $97.4 million.

Domestic banks' credit rose by $52.9 million (0.6%), albeit a deceleration from the $116.2 million (1.4%) growth in 2020. Underpinned by a falloff in deposits and a rise in the holdings of Government securities, net claims on the Government moved higher by $61.4 million (2.6%), although a slowdown from the $191.1 million (8.6%) expansion in the prior year. In contrast, the reduction in private sector credit tapered to $9.1 million (0.2%), from $72.6 million (1.2%) a year earlier. Similarly, credit to public corporations edged up by $0.6 million (0.2%), a reversal from a $2.3 million (0.5%) decline in the previous period.

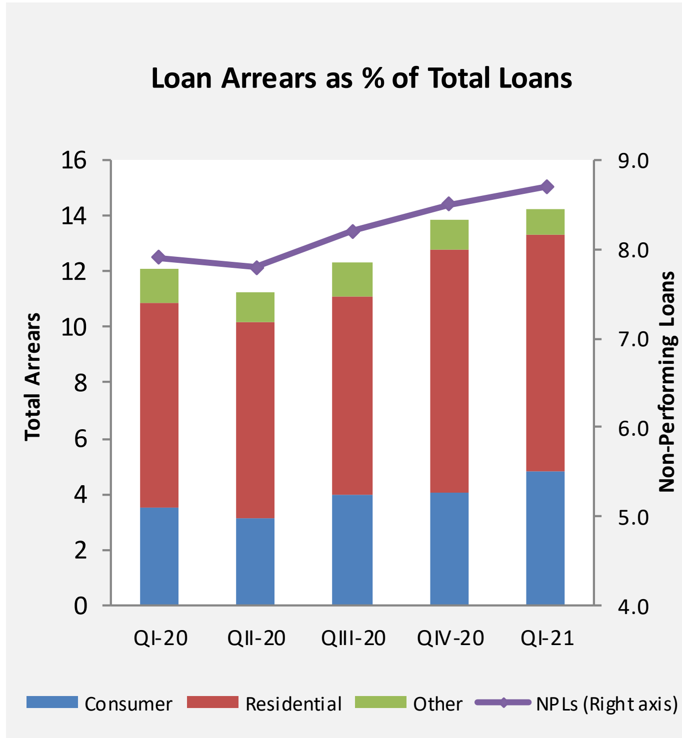
Banks' total deposit liabilities—inclusive of Government balances—grew by $14.1 million (0.2%) to $7,745.6 million, following a $249.0 million (3.2%) buildup in the preceding year. In particular, the accumulation of private sector deposits slowed to $40.6 million (0.6%), from $228.1 million (3.1%) in the previous year. In addition, Government deposit balances declined by $44.0 million (15.0%), a turnaround from a $32.0 million (14.5%) growth in 2020. In a partial offset, deposits of the rest of the public sector strengthened by $18.6 million (7.2%), contrasting with an $11.2 million (2.8%) reduction in the prior year.

At end-March, the majority of banks' deposit liabilities remained denominated in Bahamian dollars (95.0%), with the US dollars and other currencies representing smaller proportions of 4.9% and 0.1%, respectively. A breakdown by holder, showed that private individuals held the largest share (51.2%) of total local currency accounts, followed by business firms (32.0%), the public sector (6.8%), private financial institutions (6.4%) and "other" miscellaneous entities (3.6%).

Disaggregated by deposit type, demand balances comprised the largest share (44.0%) of accounts, followed by fixed (31.7%) and savings (24.3%) deposits. Analyzed by range of value and number, the majority of accounts (86.9%) held Bahamian dollar balances of $10,000 or less, and constituted only 5.6% of the total value. Accounts with balances between $10,000 and $50,000 represented 8.7% of the total number and 11.2% of the overall value, while deposits in excess of $50,000 accounted for only 4.4% of the total, but a dominant 83.2% of the aggregate value.

CREDIT QUALITY

Banks' credit quality indicators weakened during the review quarter, reflecting the ongoing effects of the COVID-19 pandemic. Total private sector loan arrears increased by $22.9 million (3.0%) over the three month period, and by $108.0 million (15.7%) year-on-year, to $795.9 million. As a result, the ratio of arrears to total private sector loans firmed by 0.4 and by 2.1 percentage points, on a quarterly and annual basis, respectively, to 14.3%.



A breakdown by the age of delinquencies, revealed that short-term (31-90 day) arrears rose by $9.5 million (3.2%) to $308.0 million, raising the attendant ratio by 18 basis points, to 5.5% of total private sector loans. In addition, the non-performing segment—arrears in excess of 90 days and on which banks have ceased accruing interest—increased by $13.4 million (2.8%) to $488.0 million, with the corresponding ratio firming by 26 basis points, to 8.7% of total private sector loans.

The quarterly increase in total private sector loan arrears was led by a $38.5 million (16.8%) growth in consumer delinquencies, to $267.1 million, resulting in the attendant ratio firming by 1.9 percentage points to 12.5%. In contrast, mortgage arrears—at 59.8% of the total—reduced by $10.6 million (2.2%) to $475.6 million, decreasing the relevant ratio by 35 basis points to 18.4%. Further, the commercial component declined by $5.0 million (8.7%), to $53.2 million, contributing to a 69 basis point reduction in the associated ratio to 6.3%. Meanwhile, the NPL rate for mortgages firmed to 11.6% versus 10.3% a year earlier and for consumer loans, to 7.0% compared to 5.4% in 2020; however, the NPL rate for commercial credit narrowed to 4.7% from 7.3% in the prior year.

Despite the deterioration in credit quality indicators, banks reduced their total provisions for loan losses by $2.3 million (0.4%), to $572.9 million during the review quarter. Consequently, the ratio of total provisions to non-performing loans decreased by 3.8 percentage points to 117.4%, while the ratio of provisions to total arrears declined by 2.4 percentage points to 72.0%. Moreover, the coverage ratio of specific provisions to non-performing loans fell by 1.9 percentage points to 82.7%. Further, banks wrote-off an estimated $28.6 million in delinquent loans and recovered approximately $6.3 million, over the quarter.

CAPITAL ADEQUACY

Capital levels within the banking system remained robust over the first three months of the year. The average ratio of capital to risk-weighted assets edged up by 10 basis points, to 31.0%. The ratios stayed well in excess of the Bank's regulatory prescribed target and trigger ratios of 17.0% and 14.0%, respectively.

Bank Profitability

During the fourth quarter of 2020—the latest available data—banks registered a net loss of $62.6 million, reversing a net profit of $61.6 million in the same period of the previous year. In particular, the net interest margin contracted by $7.2 million (5.2%) to $131.9 million, as interest income decreased by $7.4 million (5.0%) to $141.9 million, overshadowing the marginal decline in interest expense by $0.2 million (1.9%) to $9.9 million. In addition, commission & foreign exchange income fell by $2.1 million (14.7%) to $12.0 million, resulting in a $9.3 million (6.1%) reduction in the gross earnings margin, to $143.9 million.

Banks' aggregate operating outlays expanded by 66.8% to $165.2 million, largely attributed to a considerable rise in other (non-staff and non-administrative) costs—inclusive of an impairment charge against goodwill—to $124.5 million, from $46.2 million a year earlier. In contrast, occupancy costs and staff-related expenses both declined, by 77.0% and by 3.0%, to $3.3 million and $37.5 million, respectively. Further, banks reported a net loss on their "non-core" activities of $41.3 million, following a net gain of $7.4 million in the prior year, as provisions for bad debt rose sharply by $32.9 million (81.3%) to $73.4 million, in anticipation of a surge in delinquencies due to COVID-19. Further, depreciation costs increased by $1.5 million (50.1%), to $4.5 million, while other "non-interest" earnings fell by $14.3 million (28.0%), to $36.6 million.

Reflecting these developments, banks' profitability ratios relative to average assets trended downwards. As a percentage of average assets, the gross earnings margin narrowed by 54 basis points to 5.08%, reflecting reductions in both the interest margin and commission & foreign exchange ratios, of 45 and 9 basis points, respectively, to 4.66% and 0.42%. In addition, the operating costs ratio firmed by 2.2 percentage points to 5.83%, subsequently lowering the net earnings margin ratio by 2.7 percentage points, to -0.75%. Further, banks recorded a net loss ratio of 2.21%, contrasting with last year's net income ratio of 2.26%, owing largely to elevated provisioning expenses.

Interest Rates

Over the first quarter, the weighted average interest rate spread at commercial banks narrowed by 22 basis points, to 9.63 percentage points. Contributing to this development, the weighted mean lending rate declined by 19 basis points to 10.18%; while the weighted average deposit rate edged up by 3 basis points, to 0.55%.

Banking Sector Interest Rates

Period Average (%)

	Qtr. I 2020	Qtr. IV 2020	Qtr. I 2021
Deposit Rates			
Demand Deposits	0.59	0.65	0.58
Savings Deposits	0.38	0.48	0.38
Fixed Deposits			
Up to 3 months	0.26	0.30	0.27
Up to 6 months	0.34	0.40	0.37
Up to 12 months	0.59	0.82	0.79
Over 12 months	0.83	0.95	1.22
Weighted Avg. Dep. Rate	**0.41**	**0.52**	**0.55**
Lending Rates			
Residential mortgages	5.28	5.24	5.18
Commercial mortgages	9.25	5.87	6.38
Consumer loans	12.94	12.48	12.18
Other Local Loans	10.52	6.96	8.11
Overdrafts	11.99	9.52	11.18
Weighted Avg. Loan Rate	**10.82**	**10.37**	**10.18**

With regard to lending, the average rates for consumer loans and residential mortgages, decreased by 30 and 6 basis points, to 12.18% and 5.18%, respectively. In contrast, the average rate on overdrafts grew by 1.7 percentage points to 11.18%; while commercial mortgages moved higher by 51 basis points, to 6.38%.

As it relates to deposit rates, the average range of interest offered on fixed balances widened to 0.27%–1.22%, compared to the prior quarter's 0.30%–0.95%. Meanwhile, average rates on savings and demand deposits narrowed by 10 basis points to 0.38%, and by 7 basis points to 0.58%, respectively.

In terms of other key interest rates, the average Treasury bill rate firmed by 59 basis points to 2.42%. Further, the Central Bank's Discount rate and commercial banks' Prime rate were unchanged at 4.00% and 4.25%, respectively.

CAPITAL MARKET DEVELOPMENTS

The domestic capital market registered a recovery in activity during the first quarter of 2021, following depressed performance a year earlier. Specifically, the volume of shares traded on the Bahamas International Securities Exchange (BISX) nearly tripled to 5,193,750, from 1,850,180 in the previous quarter; contrasting with a 50.3% falloff to 1,450,402 for the three-month period to March 2020. Correspondingly, the aggregate value of shares traded more than doubled, to $25.0 million from $10.7 million, after a 43.1% decline in the prior year.

During the first quarter, the BISX All Share Price Index reduced by 6.2%% to 1,963.78 points, a reversal from the preceding year's increase of 5.1%. In contrast, market capitalization expanded by 73.5% to $8.3 billion, after stabilizing at $5.3 billion in the prior year, owing to the recent listing of Bahamas Registered Stock (BRS).

With regard to market listings, the number of publicly traded securities on the exchange decreased by 6 to 241, and comprised 20 ordinary shares, 8 preference shares and 213 debt tranches (of which, BRS stood at 202).

Box 1: The Bahamas Transition to Balance of Payments Statistics Manual, 6th Edition

The Central Bank of The Bahamas has always compiled and published the Balance of Payments statistics (BOP), for The Bahamas. These summarize the economic transactions between residents and non-residents on trade and financial transactions, according to internationally established methodology. However, the data classification system used by the Central Bank has continued to follow the methodology established by the International Monetary Fund in the Fifth Edition of the Balance of Payments Manual (BPM5), which was adopted in 1993. Beginning, in the first quarter of 2021, the Bahamian BOP statistics have been compiled in accordance with the Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6), which the IMF released in 2009. The enhancements associated with the BPM6 framework take into account three thematic trends and economic developments linked to: (1) globalization—which highlighted the expanding relationships among economies brought about by migration and global production processes among economies, such as outsourcing and merchanting; (2) financial innovation—recent institutional arrangements such as special purpose entities and multi-economy corporate structures, as well as, the creation and growth of new financial instruments, such as securitization; and, (3) balance sheet analysis—for better understanding of international economic developments in the context of vulnerability and sustainability, consistent with other statistical frameworks, such as the System of National Accounts and the Monetary and Financial Statistics.

The BPM6 format maintains the main accounts, current, capital, financial and net errors and omissions. The current and capital accounts continue to use the terms “credit” and “debit”, to reflect inflows and outflows, respectively, while the financial account uses the concepts of “net acquisition of financial assets (NAFA)” and “net incurrence of liabilities (NIL)” in the case of transactions in financial assets and liabilities. Net errors and omissions remains a balancing item account.

A key change in the framework is the sign convention. For both the current account balance and capital account, credit and debit items will be recorded with a positive (+) sign. The exception[1] is that only the account balances under which items are netted out, may carry either a negative (-) or positive (+) sign. Account balances are calculated by subtracting “debit” items from “credit” items and with the net positions shown as either positive (+) or negative (-) values, as in BPM5, therefore net inflows display with positive (+) signs and net outflows with negative (-) signs.

The most important sign convention change occurred in the financial account. Positive (+) signs in the account denote increases in assets or liabilities and a negative (-) sign shows a decrease in assets or liabilities. The account balances, under which asset and liability transactions are netted out, can be positive (+) or negative (-). As such, the net balance of the financial account in BPM6 format will have the exact opposite sign of the BPM5 financial account net balance. So, while in BPM5 net inflows were shown with a positive (+) sign, in BPM6 net inflows show a negative (-) sign.

Other changes in BPM6 from BPM5 are delineated as follows:-

1. While a separate item under the “Goods” account in BPM5 format existed for the item “Goods procured in ports by carriers”, this will be included under “General Merchandise” and will no longer be presented as a separate item.

2. “Income Balance” and “Current Transfers” items will be renamed as “Primary Income” and “Secondary Income”, respectively. The content of the mentioned items will be basically the same. The main methodological change, is the reflection of balance sheet based “Asset/Liabilities” presentation of “Direct Investment” item to the “Primary Income” item.

3. Reinvested (retained) earnings are now being recorded in the income account (debit) and reinvestment of earnings in the direct investment-equity and investment fund shares (liabilities) of the financial account.

4. Re-insurance inflows classified in the BPM5 as other current transfers, are reported in BPM6 as capital transfers within the Capital account.

5. Migrants’ transfers (the cross-border movement of personal effects, financial assets and liabilities of persons changing residency) are now excluded as a form of capital transfers, because such movements are not resident-to-nonresident transactions. The personal effects of migrants are not captured anywhere in the international accounts.

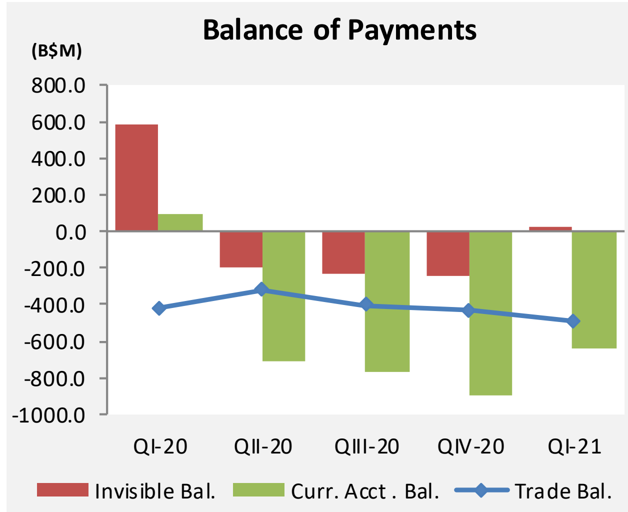
[1] Reinvested earnings under direct investment income may take negative values.

6. Some items previously classified in BPM5 as “Other Investments” are segregated within the respective category in BPM6 within the financial account as Direct or Portfolio Investments. The “other” category of investments was usually private debt and private equity.

7. In BPM6, new allocations of Special Drawing Rights (SDRs) to member countries of the IMF are recorded as increases in gross reserve assets and, at the same time, in long-term debt liabilities of the general government as “NIL”.

INTERNATIONAL TRADE AND PAYMENTS

Provisional estimates for the first quarter of 2021 indicated that the current account balance reversed to a deficit of $638.4 million, from a surplus of $94.8 million in the corresponding period of 2020. Underlying this outturn was a significant reduction in the services account surplus, as internationally imposed travel restrictions due to the COVID-19 pandemic depressed travel receipts. Similarly, the capital account surplus narrowed to $55.1 million, from $264.7 million a year earlier, which had included hurricane re-insurance inflows. Further, the financial account liabilities, excluding reserve assets, extended to $271.1 million from $77.7 million in the prior year, underpinned by a surge in other and direct investments liabilities.



The estimated merchandise trade deficit rose by $69.8 million (16.6%) to $490.8 million in the review quarter, as imports grew by $63.4 million (11.8%) to $602.9 million, while exports decreased by $6.4 million (5.4%) to $112.1 million. In term of fuel costs—which are accounted for in the imports bill—the average per barrel prices reduced for aviation gas oil (88.3%), lubricants & other (65.0%), bunker 'C' fuel (48.6%) and kerosene (jet-fuel) (2.6%). Conversely, average per barrel costs increased for propane, by 45.9% to $63.44, motor gas, by 18.4%, to $86.61 and gas oil, by 9.2% to $85.68.

The surplus on the services account declined markedly to just $20.8 million in the first quarter of 2021, from $587.9 million in the preceding year. Contributing to this outturn, net travel receipts—the dominant segment of the services account—reduced considerably to $247.7 million from $883.0 million a year earlier, as tourism activities remained sluggish due to the COVID-19 pandemic, which was reflected in a large falloff in inflows from personal travel. Further, net payments for construction services advanced to $22.5 million from only $5.2 million in the previous year, while net outflows for insurance services increased by $14.5 million (48.9%) to $44.2 million. In an offset, net payments for Government goods and services declined substantially to $9.3 million from $70.6 million. Likewise, net outflows for transport services moved lower by $19.0 million (26.3%) to $53.3 million, attributed to a notable reduction in air transport services (49.7%), which outweighed gains in sea transport services (22.5%). Further, net outflows for "other business" services fell by $17.9 million (17.0%) to $87.8 million, while net payments for telecommunications, computer and information services were lower by $1.0 million (10.8%) at $8.3 million and charges for the use of intellectual property, by $0.8 million (36.0%) at $1.4 million.

During the review period, the primary income account deficit (against wages and investment income) widened by $37.4 million (60.6%) to $99.1 million. Underlying this outturn, net investment income outflows more than doubled to $83.2 million from $34.5 million in the previous year. Notably, remuneration of direct investments switched to a net payment of $41.0 million from the net receipt of $33.2 million in 2020, which recognized undistributed profits of domestic banks. In contrast, "other" net investments income outflows moderated by $14.6 million (23.4%) to $47.8 million, while net remittances against portfolio holdings outflows were nil, following a net outflow of $8.5 million in 2020. In addition, net outflows for employees compensation tapered by $11.3 million (41.8%) to $15.8 million.

Predominantly reflecting net transfers, the secondary income account deficit advanced to $69.4 million from just $10.4 million in the comparative 2020 period, as "other" net private current transfer outflows rose to $24.0 million from $9.6 million a year earlier. Further, given workers' net remittances and other personal transfers, various private financial and non-financial net outflows rose by $5.7 million (14.4%) to $45.6 million, despite a marginal decline in the workers' remittances portion. In addition, general Government net inflows decreased to $0.3 million from $39.1 million in 2020.

The capital account surplus, primarily capital transfers—which comprised financial corporations, non-financial corporations, households and non-financial institutions serving households (NPISHs)—reduced considerably to $55.1 million from $264.7 million a year earlier, which had included re-insurance settlements from Hurricane Dorian.

During the first quarter of 2021, the net financial liabilities (denoting net investment inflows), registered an expanded increase of $271.1 million from $77.7 million in 2020. This was dominated by increased external liabilities of the public and non-bank private sectors, alongside some net increase in the banking's sector external liabilities. In particular, there was a notable increase in "other investment" liabilities by $808.1 million, relative to a $204.5 million net reduction in the prior year, owing to increased net currency and deposits liabilities of the banking system by $781.0 million. In the prior year, a net asset accumulation of $298.8 million occurred in this account, partly influenced by re-insurance proceeds from Hurricane Dorian. Providing some offset, "other" net external accounts receivables fell by $39.7 million, a reversal from a net increase of $154.6 million last year. In addition, net incurrence of loan liabilities reduced to just $66.7 million from $348.7 million in the prior year, when more public sector and private sector financing occurred in this fashion. Meanwhile, the net increase in private direct investment liabilities (also inflows to the jurisdiction) extended to an estimated $134.1 million from $10.1 million in the previous year, as net equity and investment fund exposures rose by an estimated $42.8 million, following a net reduction of $39.2 million in 2020; while liabilities on debt instruments grew by an extended $91.3 million versus $49.3 million in 2020. In an offset, net portfolio investment outflows widened considerably to $671.1 million from $136.9 million in the preceding year—the significant counterpart to shifts in banks' net deposit and currency liabilities.

In line with these developments, and after adjusting for net errors and omissions, the net movement in reserve assets, which corresponds to the change in the Central Bank's external reserves, reversed to a deficit of $130.3 million, from a surplus of $298.4 million in the first quarter of 2020.

INTERNATIONAL ECONOMIC DEVELOPMENTS

Global economic activities remained subdued during the first quarter, as developments continued to be adversely impacted by the COVID-19 pandemic. However, heightened vaccination efforts, has contributed to positive labour market conditions for some of the major economies, while inflationary pressure remained contained. Against this backdrop, the major central banks affirmed their accommodative monetary policy stance, in an effort to encourage economic growth.

During the first quarter of 2021, despite the widespread roll-out of vaccines and Governments stimulus packages, economic output remained contracted for most of the major economies. In particular, in the United Kingdom real GDP decreased by an annual rate of 1.5%, a reversal from a 1.3% growth in the previous quarter, owing to a falloff in the services industry and production output. Likewise, economic output in the euro area fell by 0.6% during the first quarter, albeit slightly lower than the 0.7% decline in the fourth quarter of 2020. In Asia, Japan's real GDP contracted by an annualized rate of 1.3%, contrasting with a 2.8% gain in the fourth quarter, attributed to a falloff in government and household consumption. Further, China's real

GDP growth slowed sharply to an annualized 0.6% during the first quarter, relative to a 6.5% expansion in the fourth quarter of 2020, the slowest pace since the recovery from the pandemic. In contrast, in the United States, real GDP grew by an annualized rate of 6.4 % in the review quarter, extending the 4.3% expansion in the previous quarter, underpinned by a rise in personal consumption investment, non-residential fixed investments, residential and state and local government expenditure.

Labour market conditions were mixed for the major economies during the first quarter. In the United States, the unemployment rate fell by 60 basis points to an average of 6.2% over the first quarter, as non-farm payrolls rose by 916,000 in March, due in part to gains in leisure & hospitality, public & private education and construction jobs. Similarly, the jobless rate for the United Kingdom declined by 30 basis points to 4.8% during the three months to March. Further, Japan's unemployment rate moved lower by 10 basis points to 2.8% over the prior quarter. In contrast, China's jobless rate increased by 20 basis points to an average of 5.4% during the first quarter. Likewise, euro area unemployment rate rose by 3.0 percentage points to 8.1%, over the fourth quarter of 2020, as the number of unemployed person grew to 1.6 million.

Despite the uptick in global energy prices during the review period, average inflation in the major economies remained relatively subdued. In the United States, underpinned by a rise in the energy index, the annualized inflation rate increased to 2.6% in March, from 1.4% in the fourth quarter. Similarly, the United Kingdom's inflation rate rose by 20 basis points over the previous quarter, to an annualized rate of 1.0% in March, attributed to gains in the costs of motor fuels and clothing. Likewise, due in part to higher services and energy prices, the euro area's annualized inflation rate firmed to 1.3% from 0.3% in the December quarter. In Asia, China's inflation rate quickened by 20 basis points to 0.4% over the prior quarter, owing to a rise in non-food items costs. In contrast, in Japan, the decline in consumer prices slowed to an annual rate of 0.2% in the March quarter from 1.2% in the fourth quarter.

In the currency market, developments varied during the first quarter of 2021. In particular, the dollar appreciated vis-à-vis the Japanese yen, by 7.2% to ¥110.72, the Swiss Franc, by 6.6% to CHF0.94, the euro, by 4.2% to €0.85 and the Chinese Renminbi, by 0.4% to CNY6.55. Conversely, the dollar weakened relative to the Canadian dollar, by 1.3% to CAD$1.25 and the British pound, by 0.8% to £0.72.

The major global stock indices registered broad based gains during the first quarter of 2021. Specifically, in the United States, the Dow Jones Industrial Average (DIJA) and S&P 500 index advanced by 24.5%, and by 21.5%, respectively. Similar outcomes were recorded for the European bourses, with France's CAC 40 increasing by 32.1%, while Germany's DAX and the United Kingdom's FTSE 100 moved higher by 29.9% and 20.4%, respectively. In Asia, Japan's Nikkei 225 and China's SE composite posted respective gains of 27.0% and 6.4%.

Reflective of the uptick in global demand, average crude oil prices grew by 37.0% to $59.24 per barrel during the first quarter of 2021. Contrastingly, in the precious metals market, the average price of gold declined by 10.0% to $1,707.71 per troy ounce, while the average price of silver fell by 7.5% to $25.92 per troy ounce.

On the external front, outcomes were mixed during the review quarter. Specifically, in the United States, the deficit on the goods and services account widened by $83.2 billion (64.2%) to approximately $212.8 billion over the first three months of the year, relative to the same period of the preceding year, on account of an 8.5% rise in imports, combined with a 3.5% falloff in exports—mainly industrial supplies and materials. Further, the trade surplus in the euro area moderated by €5.1 billion to €49.5 billion over the corresponding quarter in 2020, attributed to exports decreasing by 0.6%, while imports grew by 0.3%. In contrast, the United Kingdom's trade deficit fell by £8.4 billion to £1.4 billion during the three months to March, as the 12.3% decline in imports outpaced the 8.7% decrease in exports. In Asia, China's trade surplus broadened by 38.6%

to US$116.3 billion during the first three months of the year, over the previous year, explained by a 49.0% expansion in exports, which eclipsed the 28.0% rise in imports. Further, Japan's trade balance reversed to a surplus of ¥542.4 billion, from a deficit of ¥191.2 billion in the same period last year, as the 6.0% growth in exports, outweighed the 1.9% uptick in imports.

In an attempt to stimulate economic growth in their respective economies, all of the major central banks upheld their highly accommodative monetary policy stances during the review quarter. Specifically, the United States' Federal Reserve retained its benchmark interest rate at a range of 0.00%-0.25%, and sustained its monthly purchase of at least $120.0 billion of Treasury bonds and mortgage-backed securities. In Europe, the Bank of England kept its key interest rate at 0.1%, and continued its existing asset purchase programme at £875 billion. Similarly, the European Central Bank maintained its key interest rates on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively. In Asia, the Bank of Japan left its policy rate at 0.1%, while the People's Bank of China sustained its key policy rate, the 7 day repo rate, at 2.2%.

STATISTICAL APPENDIX (TABLES 1-16)

TABLE 1
FINANCIAL SURVEY

Period	2016	2017	2018	2019		2020				2021
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
				(B$ Millions)						
Net foreign assets	678.5	1,152.5	1,072.1	1,546.3	1,790.7	2,156.7	2,017.0	1,985.2	2,141.9	2,056.3
Central Bank	904.0	1,417.4	1,196.3	1,558.8	1,758.1	2,059.3	2,051.8	2,106.2	2,382.2	2,250.7
Domestic Banks	(225.4)	(265.0)	(124.2)	(12.5)	32.6	97.4	(34.9)	(121.0)	(240.2)	(194.4)
Net domestic assets	6,251.4	5,884.6	6,037.1	5,996.8	6,103.1	5,990.6	6,073.0	6,073.4	5,723.4	5,854.1
Domestic credit	9,128.4	8,838.3	8,911.2	8,850.6	8,957.1	8,894.7	8,939.8	8,988.3	8,614.4	8,740.5
Public sector	2,957.6	2,855.5	3,025.0	2,969.4	3,065.5	3,075.7	3,120.8	3,154.6	2,848.3	2,983.5
Government (net)	2,551.4	2,383.0	2,539.3	2,523.0	2,620.9	2,633.4	2,678.1	2,765.3	2,524.4	2,658.7
Rest of public sector	406.3	472.5	485.8	446.4	444.6	442.3	442.7	389.3	323.8	324.8
Private sector	6,170.8	5,982.9	5,886.2	5,881.2	5,891.6	5,819.0	5,819.0	5,833.7	5,766.1	5,757.0
Other items (net)	(2,877.0)	(2,953.7)	(2,874.1)	(2,853.8)	(2,854.0)	(2,904.1)	(2,866.8)	(2,914.9)	(2,891.0)	(2,886.3)
Monetary liabilities	6,930.1	7,037.3	7,108.8	7,540.9	7,892.8	8,146.2	8,088.8	8,057.7	7,864.2	7,909.5
Money	2,460.6	2,654.0	2,728.2	3,060.4	3,248.4	3,484.4	3,523.1	3,543.4	3,472.1	3,499.4
Currency	280.5	292.6	310.4	315.2	336.8	346.0	380.2	383.1	373.0	368.1
Demand deposits	2,180.1	2,361.5	2,417.7	2,745.3	2,911.6	3,138.4	3,142.9	3,160.3	3,099.1	3,131.3
Quasi-money	4,469.5	4,383.3	4,380.7	4,480.5	4,644.4	4,661.8	4,565.7	4,514.3	4,392.1	4,410.2
Fixed deposits	2,866.3	2,737.9	2,552.0	2,454.1	2,419.6	2,323.5	2,253.7	2,244.0	2,245.2	2,244.0
Savings deposits	1,295.6	1,371.2	1,427.1	1,513.6	1,637.0	1,731.3	1,779.5	1,800.9	1,788.4	1,785.5
Foreign currency	307.6	274.1	401.5	512.7	587.9	607.1	532.5	469.4	358.5	380.6
				(percentage changes)						
Total domestic credit	1.8	(3.2)	0.8	0.1	1.2	(0.7)	0.5	0.5	(4.2)	1.5
Public sector	10.9	(3.5)	5.9	(0.9)	3.2	0.3	1.5	1.1	(9.7)	4.7
Government (net)	16.1	(6.6)	6.6	(0.5)	3.9	0.5	1.7	3.3	(8.7)	5.3
Rest of public sector	(13.3)	16.3	2.8	(3.1)	(0.4)	(0.5)	0.1	(12.1)	(16.8)	0.3
Private sector	(2.0)	(3.0)	(1.6)	0.6	0.2	(1.2)	(0.0)	0.3	(1.2)	(0.2)
Monetary liabilities	8.7	1.5	1.0	1.5	4.7	3.2	(0.7)	(0.4)	(2.4)	0.6
Money	18.8	7.9	2.8	1.9	6.1	7.3	1.1	0.6	(2.0)	0.8
Currency	13.7	4.3	6.1	(2.0)	6.9	2.7	9.9	0.7	(2.6)	(1.3)
Demand deposits	19.5	8.3	2.4	2.4	6.1	7.8	0.1	0.6	(1.9)	1.0
Quasi-money	3.9	(1.9)	(0.1)	1.2	3.7	0.4	(2.1)	(1.1)	(2.7)	0.4

Source: Central Bank of The Bahamas

TABLE 2
MONETARY SURVEY

Period	2016	2017	2018	2019		2020				2021
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
				(B$ Millions)						
Net foreign assets	730.5	1,218.0	1,128.2	1,615.8	1,851.4	2,240.2	2,041.7	2,094.1	2,260.3	2,171.0
Central Bank	904.0	1,417.4	1,196.3	1,558.8	1,758.1	2,059.3	2,051.8	2,106.2	2,382.2	2,250.7
Commercial banks	(173.5)	(199.5)	(68.1)	57.0	93.4	180.9	(10.1)	(12.1)	(121.8)	(79.7)
Net domestic assets	6,131.5	5,742.1	5,910.7	5,858.6	5,963.7	5,827.8	5,901.1	5,865.9	5,495.3	5,734.9
Domestic credit	9,097.0	8,808.7	8,866.4	8,795.5	8,898.8	8,840.1	8,886.5	8,908.0	8,546.6	8,710.6
Public sector	2,941.4	2,841.7	3,009.1	2,951.4	3,050.1	3,061.8	3,106.9	3,141.2	2,835.1	2,983.4
Government (net)	2,535.5	2,369.6	2,523.7	2,505.0	2,605.5	2,619.5	2,664.2	2,751.9	2,511.2	2,658.7
Rest of public sector	405.9	472.1	485.4	446.4	444.6	442.3	442.7	389.3	323.8	324.8
Private sector	6,155.6	5,967.0	5,857.2	5,844.1	5,848.6	5,778.3	5,779.6	5,766.8	5,711.6	5,727.2
Other items (net)	(2,965.5)	(3,066.6)	(2,955.7)	(2,936.9)	(2,935.0)	(3,012.2)	(2,985.3)	(3,042.1)	(3,051.3)	(2,975.7)
Monetary liabilities	6,862.1	6,960.3	7,038.4	7,472.2	7,814.3	8,066.9	7,941.7	7,959.0	7,754.6	7,905.0
Money	2,406.8	2,591.4	2,671.3	3,004.4	3,186.5	3,421.0	3,450.3	3,460.1	3,377.5	3,495.7
Currency	280.5	292.6	310.5	315.2	336.9	346.1	380.2	383.1	373.1	368.1
Demand deposits	2,126.4	2,298.8	2,360.8	2,689.2	2,849.6	3,074.8	3,070.0	3,077.0	3,004.4	3,127.6
Quasi-money	4,455.3	4,368.8	4,367.2	4,467.8	4,627.8	4,646.0	4,491.4	4,499.0	4,377.1	4,409.3
Savings deposits	1,295.0	1,371.2	1,427.1	1,513.6	1,637.0	1,731.3	1,779.5	1,800.9	1,788.4	1,785.5
Fixed deposits	2,854.8	2,725.8	2,540.6	2,442.5	2,408.3	2,312.3	2,243.0	2,230.9	2,230.8	2,244.0
Foreign currency deposits	305.5	271.9	399.4	511.7	582.5	602.4	468.9	467.2	357.9	379.8
				(percentage change)						
Total domestic credit	1.9	(3.2)	0.7	0.1	1.2	(0.7)	0.5	0.2	(4.1)	1.9
Public sector	10.9	(3.4)	5.9	(0.7)	3.3	0.4	1.5	1.1	(9.7)	5.2
Government (net)	15.9	(6.5)	6.5	(0.2)	4.0	0.5	1.7	3.3	(8.7)	5.9
Rest of public sector	(12.9)	16.3	2.8	(3.1)	(0.4)	(0.5)	0.1	(12.1)	(16.8)	0.3
Private sector	(1.9)	(3.1)	(1.8)	0.5	0.1	(1.2)	0.0	(0.2)	(1.0)	0.3
Monetary liabilities	8.6	1.4	1.1	1.6	4.6	3.2	(1.6)	0.2	(2.6)	1.9
Money	18.9	7.7	3.1	2.1	6.1	7.4	0.9	0.3	(2.4)	3.5
Currency	13.7	4.3	6.1	(2.0)	6.9	2.7	9.9	0.7	(2.6)	(1.3)
Demand deposits	19.6	8.1	2.7	2.6	6.0	7.9	(0.2)	0.2	(2.4)	4.1
Quasi-money	3.8	(1.9)	(0.0)	1.2	3.6	0.4	(3.3)	0.2	(2.7)	0.7

Source: Central Bank of The Bahamas

TABLE 3
CENTRAL BANK BALANCE SHEET

(B$ Millions)

Period	2016	2017	2018	2019		2020				2021
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
Net foreign assets	904.0	1,417.4	1,196.3	1,558.8	1,758.1	2,059.3	2,051.8	2,106.2	2,382.2	2,250.7
Balances with banks abroad	254.8	698.5	375.8	688.9	794.5	838.2	721.2	465.7	307.6	273.1
Foreign securities	550.5	614.7	670.5	703.5	779.8	1,025.7	1,134.1	1,438.2	1,867.6	1,773.9
Reserve position in the Fund	25.9	27.5	26.8	26.3	26.7	25.9	26.5	27.1	27.8	27.3
SDR holdings	72.7	76.8	123.2	140.1	157.1	169.4	169.9	175.2	179.2	176.4
Net domestic assets	555.3	209.6	228.4	112.9	145.4	(79.0)	52.8	52.6	(85.4)	(25.7)
Net claims on Government	716.6	390.1	503.6	372.1	395.9	217.3	332.0	343.6	172.8	245.6
Claims	731.9	417.0	525.1	441.2	460.4	294.5	366.9	376.6	252.5	356.1
Treasury bills	223.9	7.2	155.7	170.3	135.3	10.0	90.7	22.0	13.8	0.0
Bahamas registered stock	372.6	274.5	249.0	255.8	249.9	269.1	260.7	228.7	232.9	254.9
Loans and advances	135.4	135.4	120.4	15.1	75.2	15.5	15.4	125.9	5.8	101.2
Deposits	(15.3)	(26.9)	(21.6)	(69.1)	(64.4)	(77.2)	(34.8)	(33.0)	(79.7)	(110.5)
In local currency	(15.3)	(26.9)	(21.6)	(69.1)	(64.4)	(77.2)	(34.8)	(33.0)	(79.7)	(110.5)
In foreign currency	-	-	-	-	-	-	-	-	-	-
Deposits of rest of public sector	(12.6)	(17.2)	(74.6)	(48.9)	(49.6)	(76.9)	(59.7)	(71.1)	(52.1)	(44.3)
Credit to commercial banks	-	-	-	-	-	-	-	-	-	-
Official capital and surplus	(173.1)	(185.1)	(208.0)	(208.2)	(226.8)	(225.8)	(225.5)	(227.3)	(226.8)	(226.4)
Net unclassified assets	15.4	13.8	(0.2)	(9.2)	18.9	(0.6)	(1.1)	0.5	14.0	(7.7)
Loans to rest of public sector	3.6	2.8	2.5	2.4	2.3	2.3	2.3	2.1	2.0	1.9
Public Corp Bonds/Securities	5.3	5.2	5.2	4.7	4.8	4.8	4.8	4.8	4.7	5.2
Liabilities To Domestic Banks	(1,011.4)	(1,157.0)	(940.9)	(1,186.6)	(1,394.4)	(1,464.5)	(1,553.2)	(1,600.6)	(1,744.5)	(1,680.6)
Notes and coins	(145.1)	(145.8)	(149.3)	(114.1)	(151.5)	(128.6)	(102.1)	(128.6)	(173.3)	(132.2)
Deposits	(866.3)	(1,011.2)	(791.7)	(1,072.5)	(1,242.9)	(1,335.9)	(1,451.1)	(1,471.9)	(1,571.2)	(1,548.4)
SDR allocation	(167.3)	(177.4)	(173.3)	(169.9)	(172.3)	(169.7)	(171.2)	(175.1)	(179.2)	(176.3)
Currency held by the private sector	(280.5)	(292.6)	(310.4)	(315.2)	(336.8)	(346.0)	(380.2)	(383.1)	(373.0)	(368.1)

Source: Central Bank of The Bahamas

TABLE 4
DOMESTIC BANKS BALANCE SHEET

(B$ Millions)

Period	2016	2017	2018	2019		2020				2021
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
Net foreign assets	(225.4)	(265.0)	(124.2)	(12.5)	32.6	97.4	(34.9)	(121.0)	(240.2)	(194.4)
Net claims on Central Bank	1,012.4	1,158.0	941.9	1,187.6	1,395.3	1,465.5	1,554.2	1,601.5	1,745.5	1,681.5
Notes and Coins	145.1	145.8	149.3	114.1	151.5	128.6	102.1	128.6	173.3	132.2
Balances	867.3	1,012.2	792.6	1,073.5	1,243.8	1,336.8	1,452.0	1,472.9	1,572.1	1,549.3
Less Central Bank credit	-	-	-	-	-	-	-	-	-	-
Net domestic assets	5,483.7	5,483.6	5,482.2	5,594.3	5,672.6	5,765.8	5,792.3	5,814.3	5,689.0	5,745.6
Net claims on Government	1,834.8	1,992.9	2,035.7	2,150.9	2,225.0	2,416.1	2,346.1	2,421.8	2,351.6	2,413.0
Treasury bills	531.9	611.4	669.8	741.4	771.9	866.1	812.2	858.7	830.2	819.8
Other securities	987.1	1,137.7	990.9	1,012.6	985.4	962.5	949.9	942.2	907.5	930.7
Loans and advances	502.7	442.2	564.4	620.9	688.8	840.6	807.8	872.2	906.5	911.0
Less: deposits	186.9	198.5	189.4	224.0	221.1	253.2	223.8	251.4	292.5	248.5
Net claims on rest of public sector	31.0	113.6	54.2	31.9	31.7	40.6	98.4	73.6	72.2	53.3
Securities	163.9	262.6	229.5	230.9	230.9	230.9	226.1	226.1	226.1	226.1
Loans and advances	233.5	201.9	248.6	208.3	206.6	204.3	209.6	156.3	91.0	91.7
Less: deposits	366.4	350.8	423.9	407.4	405.8	394.6	337.3	308.8	244.9	264.5
Other net claims	(2.9)	(2.6)	(1.0)	(3.2)	18.8	0.2	(3.3)	(1.2)	2.7	(5.8)
Credit to the private sector	6,170.8	5,982.9	5,886.2	5,881.2	5,891.6	5,819.0	5,819.0	5,833.7	5,766.1	5,757.0
Securities	19.6	19.1	32.3	26.9	26.0	23.6	23.6	24.8	21.1	22.7
Mortgages	3,035.5	2,949.5	2,935.3	2,934.3	2,912.2	2,902.8	2,894.0	2,897.2	2,886.8	2,887.8
Loans and advances	3,115.7	3,014.3	2,918.5	2,920.0	2,953.4	2,892.6	2,901.4	2,911.7	2,858.2	2,846.5
Private capital and surplus	(2,594.4)	(2,699.3)	(2,642.6)	(2,396.8)	(2,394.7)	(2,414.9)	(2,424.3)	(2,466.6)	(2,443.5)	(2,455.1)
Net unclassified assets	44.5	96.2	149.9	(69.7)	(99.8)	(95.2)	(43.5)	(46.9)	(60.2)	(16.8)
Liabilities to private sector	6,270.7	6,376.6	6,299.9	6,769.4	7,100.6	7,328.7	7,311.6	7,294.7	7,194.2	7,232.7
Demand deposits	2,287.4	2,420.1	2,503.6	2,918.4	3,116.5	3,321.0	3,338.0	3,277.9	3,199.1	3,227.1
Savings deposits	1,315.0	1,390.4	1,454.3	1,544.3	1,667.3	1,765.0	1,814.9	1,836.2	1,822.3	1,822.3
Fixed deposits	2,668.3	2,566.1	2,342.0	2,306.8	2,316.7	2,242.7	2,158.7	2,180.6	2,172.8	2,183.2

Source: Central Bank of The Bahamas

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

(B$'000s)

Period	2018	2019	2020	2018				2019				2020			
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. IIR	Qtr. III	Qtr. IV
1. Interest Income	580,569	593,233	577,338	146,250	142,891	147,200	144,228	141,520	154,599	147,820	149,294	148,956	141,906	144,605	141,871
2. Interest Expense	55,517	48,618	38,973	14,159	15,693	13,537	12,128	12,698	12,549	13,229	10,142	9,892	9,892	9,242	9,947
3. **Interest Margin (1-2)**	525,052	544,615	545,415	132,091	127,198	133,663	132,100	128,822	142,050	134,591	139,152	139,064	139,064	135,363	131,924
4. Commission & Forex Income	29,445	38,127	43,787	7,192	7,499	7,193	7,561	7,160	9,221	7,682	14,064	11,363	11,363	9,062	11,999
5. **Gross Earnings Margin (3+4)**	554,497	582,742	589,202	139,283	134,697	140,856	139,661	135,982	151,271	142,273	153,216	150,427	150,427	144,425	143,923
6. Staff Costs	157,021	159,361	159,196	39,427	39,830	37,825	39,939	39,990	41,554	39,189	38,628	40,040	40,040	41,645	37,471
7. Occupancy Costs	27,725	33,932	11,627	7,174	6,810	7,146	6,595	6,365	6,711	6,670	14,186	4,607	4,607	-854	3,267
8. Other Operating Costs	183,609	203,070	296,576	45,638	46,781	43,076	48,114	46,534	61,856	48,451	46,229	55,557	55,557	60,965	124,497
9. **Operating Costs (6+7+8)**	368,355	396,363	467,399	92,239	93,421	88,047	94,648	92,889	110,121	94,310	99,043	100,204	100,204	101,756	165,235
10. **Net Earnings Margin (5-9)**	186,142	186,379	121,803	47,044	41,276	52,809	45,013	43,093	41,150	47,963	54,173	50,223	50,223	42,669	(21,312)
11. Depreciation Costs	12,774	11,876	17,223	3,407	3,061	3,129	3,177	2,671	3,668	2,524	3,013	3,933	4,701	4,065	4,524
12. Provisions for Bad Debt	96,701	96,138	254,847	25,641	28,480	13,997	28,583	1,318	13,669	40,694	40,457	55,710	70,748	55,033	73,356
13. Other Income	156,965	177,136	150,436	35,567	37,566	39,555	44,277	44,785	45,153	36,312	50,886	34,027	37,423	42,359	36,627
14. **Other Income (Net) (13-11-12)**	47,490	69,122	(121,634)	6,519	6,025	22,429	12,517	40,796	27,816	(6,906)	7,416	(25,616)	(38,026)	(16,739)	(41,253)
15. **Net Income (10+14)**	233,632	255,501	(6,734)	53,563	47,301	75,238	57,530	83,889	68,966	41,057	61,589	24,607	5,294	25,930	(62,565)
16. **Effective Interest Rate Spread (%)**	7.10	7.17	7.97	7.12	7.28	7.20	6.80	6.68	7.12	6.60	8.28	8.56	7.76	7.96	7.60
(Ratios To Average Assets)															
Interest Margin	5.12	5.20	4.78	5.11	4.89	5.22	5.24	5.04	5.46	5.18	5.10	5.05	4.67	4.76	4.66
Commission & Forex Income	0.29	0.36	0.37	0.28	0.29	0.28	0.30	0.28	0.35	0.30	0.52	0.41	0.31	0.32	0.42
Gross Earnings Margin	5.40	5.56	5.15	5.39	5.18	5.50	5.54	5.32	5.82	5.47	5.62	5.46	4.98	5.08	5.08
Operating Costs	3.59	3.78	4.13	3.57	3.59	3.44	3.75	3.63	4.23	3.63	3.63	3.64	3.45	3.58	5.84
Net Earnings Margin	1.81	1.78	1.02	1.82	1.59	2.06	1.79	1.69	1.58	1.85	1.99	1.82	1.53	1.50	(0.75)
Net Income/Loss	2.28	2.44	(0.05)	2.07	1.82	2.94	2.28	3.28	2.65	1.58	2.26	0.89	0.19	0.91	(2.21)

***Commercial Banks and OLFIs with domestic operations**

Source: Central Bank of The Bahamas

R = Revised

TABLE 6
MONEY SUPPLY

(B$ Millions)

End of Period	2016	2017	2018	2019		2020				2021
				Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
Money Supply (M1)	2,460.6	2,654.0	2,728.2	3,060.4	3,248.4	3,484.4	3,523.1	3,543.4	3,472.1	3,499.4
1) Currency in active circulation	280.5	292.6	310.4	315.2	336.8	346.0	380.2	383.1	373.0	368.1
2) Demand deposits	2,180.1	2,361.5	2,417.7	2,745.3	2,911.6	3,138.4	3,142.9	3,160.3	3,099.1	3,131.3
Central Bank	12.6	17.2	74.6	48.9	49.6	76.9	59.7	71.1	52.1	44.3
Domestic Banks	2,167.6	2,344.2	2,343.1	2,696.3	2,861.9	3,061.5	3,083.2	3,089.2	3,047.0	3,087.0
Factors affecting money (M1)										
1) Net credit to Government	2,551.4	2,383.0	2,539.3	2,523.0	2,620.9	2,633.4	2,678.1	2,765.3	2,524.4	2,658.7
Central Bank	716.6	390.1	503.6	372.1	395.9	217.3	332.0	343.6	172.8	245.6
Domestic banks	1,834.8	1,992.9	2,035.7	2,150.9	2,225.0	2,416.1	2,346.1	2,421.8	2,351.6	2,413.0
2) Other credit	6,577.1	6,455.3	6,371.9	6,327.6	6,336.2	6,261.3	6,261.7	6,223.0	6,090.0	6,081.8
Rest of public sector	406.3	472.5	485.8	446.4	444.6	442.3	442.7	389.3	323.8	324.8
Private sector	6,170.8	5,982.9	5,886.2	5,881.2	5,891.6	5,819.0	5,819.0	5,833.7	5,766.1	5,757.0
3) External reserves	904.0	1,417.4	1,196.3	1,558.8	1,758.1	2,059.3	2,051.8	2,106.2	2,382.2	2,250.7
4) Other external liabilities (net)	(225.4)	(265.0)	(124.2)	(12.5)	32.6	97.4	(34.9)	(121.0)	(240.2)	(194.4)
5) Quasi money	4,469.5	4,383.3	4,380.7	4,480.5	4,644.4	4,661.8	4,565.7	4,514.3	4,392.1	4,410.2
6) Other items (net)	(2,877.0)	(2,953.7)	(2,874.1)	(2,853.8)	(2,854.0)	(2,904.1)	(2,866.8)	(2,914.9)	(2,891.0)	(2,886.3)

Source: Central Bank of The Bahamas

TABLE 7
CONSUMER INSTALMENT CREDIT

(B$' 000)

End of Period	2018	2019	2020	2019			2020				2021
				Jun.	Sept.	Dec.	Mar.	Jun.	Sept.	Dec.	Mar.
CREDIT OUTSTANDING											
Private cars	146,286	135,786	129,294	140,123	136,824	135,786	138,711	135,294	131,356	129,294	128,046
Taxis & rented cars	948	1,028	892	1,037	1,094	1,028	1,028	1,045	952	892	813
Commercial vehicles	1,036	1,156	1,024	1,209	1,124	1,156	1,354	1,312	1,211	1,024	1,113
Furnishings & domestic appliances	8,205	9,246	8,911	8,619	8,999	9,246	9,539	9,338	8,990	8,911	9,072
Travel	50,872	65,037	63,654	56,648	63,167	65,037	68,914	67,108	65,688	63,654	63,000
Education	43,067	39,976	37,150	39,001	42,116	39,976	39,225	38,383	37,853	37,150	36,992
Medical	12,773	11,873	11,384	12,487	12,288	11,873	12,351	12,360	11,931	11,384	11,358
Home Improvements	102,022	101,255	98,177	98,696	98,724	101,255	104,264	103,079	101,063	98,177	97,994
Land Purchases	139,093	131,400	127,132	136,346	134,722	131,400	132,195	130,892	129,154	127,132	128,983
Consolidation of debt	922,138	908,422	903,673	918,987	917,749	908,422	910,656	908,770	909,441	903,673	898,539
Miscellaneous	541,719	530,172	528,392	532,740	533,325	530,172	548,160	543,149	539,339	528,392	530,847
Credit Cards	249,069	272,999	245,397	240,892	267,913	272,999	265,290	256,303	250,594	245,397	231,310
TOTAL	2,217,228	2,208,350	2,155,080	2,186,785	2,218,045	2,208,350	2,231,687	2,207,033	2,187,572	2,155,080	2,138,067
NET CREDIT EXTENDED											
Private cars	(17,688)	(10,500)	(6,492)	(2,795)	(3,299)	(1,038)	2,925	(3,417)	(3,938)	(2,062)	(1,248)
Taxis & rented cars	152	80	(136)	22	57	(66)	-	17	(93)	(60)	(79)
Commercial vehicles	(172)	120	(132)	167	(85)	32	198	(42)	(101)	(187)	89
Furnishings & domestic appliances	(288)	1,041	(335)	298	380	247	293	(201)	(348)	(79)	161
Travel	5,415	14,165	(1,383)	5,988	6,519	1,870	3,877	(1,806)	(1,420)	(2,034)	(654)
Education	(9,998)	(3,091)	(2,826)	(1,659)	3,115	(2,140)	(751)	(842)	(530)	(703)	(158)
Medical	748	(900)	(489)	(370)	(199)	(415)	478	9	(429)	(547)	(26)
Home Improvements	(11,876)	(767)	(3,078)	(1,157)	28	2,531	3,009	(1,185)	(2,016)	(2,886)	(183)
Land Purchases	(13,678)	(7,693)	(4,268)	(1,647)	(1,624)	(3,322)	795	(1,303)	(1,738)	(2,022)	1,851
Consolidation of debt	(28,933)	(13,716)	(4,749)	4,352	(1,238)	(9,327)	2,234	(1,886)	671	(5,768)	(5,134)
Miscellaneous	(22,984)	(11,547)	(1,780)	(384)	585	(3,153)	17,988	(5,011)	(3,810)	(10,947)	2,455
Credit Cards	(5,783)	23,930	(27,602)	186	27,021	5,086	(7,709)	(8,987)	(5,709)	(5,197)	(14,087)
TOTAL	(105,085)	(8,878)	(53,270)	3,001	31,260	(9,695)	23,337	(24,654)	(19,461)	(32,492)	(17,013)

Source: Central Bank of The Bahamas

TABLE 8
SELECTED AVERAGE INTEREST RATES

(%)

Period	2016	2017	2018	2019				2020				2021
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
DOMESTIC BANKS												
Deposit rates												
Demand deposits	0.28	0.27	0.27	0.27	0.40	0.27	0.50	0.59	0.51	0.61	0.65	0.58
Savings deposits	0.82	0.72	0.64	0.51	0.35	0.34	0.33	0.38	0.46	0.45	0.48	0.38
Fixed deposits												
Up to 3 months	0.97	0.78	0.60	0.49	0.33	0.28	0.29	0.26	0.26	0.29	0.30	0.27
Up to 6 months	0.99	0.64	0.62	0.71	0.56	0.49	0.49	0.34	0.38	0.52	0.40	0.37
Up to 12 months	1.58	1.21	0.97	0.72	0.67	0.77	0.55	0.59	0.47	0.74	0.82	0.79
Over 12 months	1.87	1.61	1.26	0.95	0.89	0.83	0.91	0.83	0.76	0.89	0.95	1.22
Weighted average rate	1.24	1.00	0.84	0.68	0.56	0.52	0.53	0.41	0.37	0.51	0.52	0.55
Lending rates												
Residential mortgages	6.22	5.76	5.41	4.90	4.96	4.94	4.82	5.28	5.29	5.22	5.24	5.18
Commercial mortgages	7.76	6.87	7.59	6.75	6.15	5.91	7.25	9.25	--	6.53	5.87	6.38
Consumer loans	14.03	13.61	13.49	12.38	13.03	13.24	12.79	12.94	11.94	12.73	12.48	12.18
Overdrafts	11.13	10.62	10.15	9.20	9.86	11.55	11.10	11.99	8.69	9.15	9.52	11.18
Weighted average rate	12.49	11.75	11.34	9.66	10.53	11.22	10.44	10.82	9.58	10.80	10.37	10.18
Other rates												
Prime rate*	4.75	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Treasury bill	1.64	1.83	1.67	1.52	1.59	1.63	1.69	1.73	1.73	1.75	1.83	2.42
Treasury bill re-discount rate	2.14	2.33	2.19	2.08	2.14	2.13	2.19	2.23	2.23	2.25	2.33	2.92
Bank rate (discount rate)*	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00

Source: Central Bank of The Bahamas

***Reflects end of period rates.**

TABLE 9

SELECTED CREDIT QUALITY INDICATORS OF DOMESTIC BANKS

(%)

Period	2017	2018	2019		2020				2021
			Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
Loan Portfolio									
Current Loans (as a % of total loans)	**85.1**	**85.7**	**86.8**	**87.9**	**87.9**	**88.7**	**87.7**	**86.2**	**85.7**
Arrears (% by loan type)									
Consumer	4.4	4.0	4.0	3.5	3.5	3.1	4.0	4.1	4.8
Mortgage	8.8	8.8	8.0	7.5	7.4	7.0	7.1	8.7	8.5
Commercial	1.6	1.4	1.2	1.1	1.2	1.1	1.2	1.0	1.0
Total Arrears	**14.9**	**14.3**	**13.2**	**12.1**	**12.1**	**11.3**	**12.3**	**13.8**	**14.3**
Total B$ Loan Portfolio	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Loan Portfolio									
Current Loans (as a % of total loans)	**85.1**	**85.7**	**86.8**	**87.9**	**87.9**	**88.7**	**87.7**	**86.2**	**85.7**
Arrears (% by days outstanding)									
30 - 60 days	3.1	3.3	3.1	2.6	2.9	2.1	2.7	2.9	3.9
61 - 90 days	1.9	1.9	1.7	1.5	1.3	1.4	1.4	2.4	1.7
90 - 179 days	1.7	1.4	1.2	1.1	1.3	1.2	1.4	1.9	1.7
over 180 days	8.3	7.7	7.2	6.9	6.6	6.6	6.8	6.6	7.0
Total Arrears	**14.9**	**14.3**	**13.2**	**12.1**	**12.1**	**11.3**	**12.3**	**13.8**	**14.3**
Total B$ Loan Portfolio	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Non Accrual Loans (% by loan type)									
Consumer	27.8	25.8	25.8	25.5	26.8	27.5	28.9	30.7	30.6
Mortgage	60.8	65.0	63.8	63.5	59.9	62.2	59.1	60.7	61.2
Other Private	11.4	9.2	10.4	11.0	13.3	10.3	11.9	8.6	8.1
Total Non Accrual Loans	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Provisions to Loan Portfolio									
Consumer	6.1	5.5	6.6	7.0	7.2	9.0	10.0	10.5	10.0
Mortgage	8.3	7.6	8.3	8.1	8.0	8.5	8.4	9.9	10.6
Other Private	8.0	14.4	5.3	7.1	6.9	9.9	8.8	10.1	9.8
Total Provisions to Total Private Sector Loans	7.4	7.7	7.2	7.5	7.6	8.9	9.1	10.2	10.3
Total Provisions to Total Non-performing Loans	74.7	84.8	85.6	93.8	95.7	114.7	110.4	120.0	117.4
Total Non-performing Loans to Total Private Sector Loans	9.9	9.1	8.4	8.0	7.9	7.8	8.2	8.5	8.7

Source: Central Bank of The Bahamas

Figures may not sum to total due to rounding.

TABLE 10
SUMMARY OF BANK LIQUIDITY

(B$ Millions)

Period	2016	2017	2018	2019 Sept.	2019 Dec.	2020 Mar.	2020 Jun.	2020 Sept.	2020 Dec.	2021 Mar.
I. Statutory Reserves										
Required reserves	325.1	336.9	331.1	348.5	349.6	363.4	372.3	371.9	371.3	373.9
Average Till Cash	130.4	125.8	124.9	115.6	129.8	120.0	107.9	119.4	146.4	128.5
Average balance with central bank	945.1	1,030.3	808.6	1,003.5	1,181.3	1,303.2	1,425.5	1,514.8	1,579.0	1,537.4
Free cash reserves (period ended)	750.5	819.2	602.5	770.5	961.5	1,059.8	1,161.0	1,262.2	1,354.2	1,292.0
II. Liquid Assets (period)										
A. Minimum Required Liquid Assets	1,098.6	1,128.9	1,115.6	1,206.4	1,247.1	1,298.8	1,300.4	1,308.4	1,301.1	1,309.6
B. Net Eligible Liquid Assets	2,579.9	2,956.2	2,649.0	2,988.7	3,214.5	3,345.2	3,366.9	3,451.4	3,531.6	3,468.5
i) Balance with Central Bank	867.3	1,012.2	792.6	1,073.5	1,243.8	1,336.8	1,452.0	1,472.9	1,572.1	1,549.3
ii) Notes and Coins	145.6	146.3	149.8	114.6	152.0	129.1	102.6	129.1	173.8	132.7
iii) Treasury Bills	531.9	611.4	669.8	741.4	771.9	866.1	812.2	858.7	830.2	819.8
iv) Government registered stocks	987.1	1,137.7	990.9	1,012.6	985.4	962.5	949.9	942.2	907.5	930.7
v) Specified assets	51.0	50.8	48.4	49.8	49.7	49.8	54.5	49.6	49.6	40.5
vi) Net Inter-bank dem/call deposits	(3.0)	(2.2)	(2.5)	(3.1)	11.7	0.8	(4.4)	(1.1)	(1.5)	(4.5)
vii) Less: borrowings from central bank	-	-	-	-	-	-	-	-	-	-
C. Surplus/(Deficit)	1,481.3	1,827.3	1,533.4	1,782.4	1,967.5	2,046.4	2,066.5	2,143.0	2,230.5	2,158.9

Source: Central Bank of The Bahamas
Figures may not sum to total due to rounding.

TABLE 11
GOVERNMENT OPERATIONS AND FINANCING

(B$ Millions)

Period	2018/19p	2019/20p	Budget		2019/20p				2020/21p		
			2019/20	2020/21	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III
Total Revenue & Grants	2,426.3	2,087.6	2,628.1	1,762.5	554.3	545.8	657.1	330.5	300.9	372.5	556.4
Current expenditure	2,422.2	2,504.8	2,530.0	2,574.1	544.8	634.0	631.5	694.5	585.6	712.7	641.6
Capital expenditure	223.4	368.0	235.0	515.5	56.3	60.5	81.3	169.9	60.4	49.0	58.6
Overall balance	**(219.3)**	**(785.3)**	**(136.9)**	**(1,327.1)**	**(46.7)**	**(148.8)**	**(55.8)**	**(534.0)**	**(345.1)**	**(389.2)**	**(143.8)**
FINANCING (I+II-III+IV+V)	219.3	785.3	136.9	1,327.1	46.7	148.8	55.8	534.0	345.1	389.2	143.8
I. Foreign currency borrowing	**9.2**	**445.7**	**64.5**	**42.9**	**31.9**	**58.6**	**55.0**	**300.1**	**703.3**	**886.5**	**19.2**
External	9.2	395.7	64.5	42.9	31.9	8.6	55.0	300.1	572.9	886.5	19.2
Domestic	-	50.0	-	-	-	50.0	-	-	130.4	-	-
II. Bahamian dollar borrowing	**1,085.0**	**1,101.1**	**700.3**	**2,030.8**	**135.7**	**309.4**	**368.8**	**287.2**	**222.7**	**307.6**	**253.1**
i)Treasury bills	231.3	233.6	-	-	29.7	21.5	26.2	156.1	1.2	21.3	1.0
ii)Long-term securities	619.7	562.6	-	-	103.0	192.9	135.6	131.1	81.5	191.4	152.1
iii)Loans and Advances	234.0	305.0	-	-	3.0	95.0	207.0	-	140.0	94.9	100.0
III. Debt repayment	**801.1**	**879.0**	**628.0**	**696.6**	**98.3**	**227.4**	**261.9**	**291.5**	**229.0**	**692.3**	**159.0**
Domestic	717.2	835.1	539.0	501.6	83.7	219.7	247.2	284.5	126.1	438.0	121.0
Bahamian dollars	717.2	835.1	539.0	497.4	83.7	219.7	247.2	284.5	126.1	438.0	121.0
Foreign currency	-	-	-	4.2	-	-	-	-	-	-	-
External	83.9	43.9	88.9	195.0	14.6	7.7	14.7	7.0	102.8	254.3	38.0
IV.Net sale of shares & other equity	**(117.2)**	**(71.8)**	**(46.5)**	**(46.5)**	**(26.7)**	**(13.9)**	**(14.7)**	**(16.5)**	**(11.3)**	**-**	**(2.1)**
V.Cash balance change & other financing	**43.5**	**189.3**	**46.5**	**(3.5)**	**4.0**	**22.1**	**(91.5)**	**254.6**	**(340.7)**	**(112.6)**	**32.5**

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

TABLE 12
NATIONAL DEBT

(B$ '000s)

Period	2018	2019	2020	2019 QTR III.	2019 QTR IV.	2020 QTR I.	2020 QTR II.	2020 QTR III.	2020 QTR IV.	2021 QTR I.
TOTAL EXTERNAL DEBT	2,593,818	2,567,662	4,031,360	2,559,811	2,567,662	2,604,078	2,901,322	3,387,057	4,031,360	4,007,367
By Instrument										
Government Securities	1,650,000	1,650,000	2,475,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	2,475,000	2,475,000
Loans	943,818	917,662	1,556,360	909,811	917,662	954,078	1,251,322	1,737,057	1,556,360	1,532,367
By Holder										
Commercial Banks	-	-	-	-	-	-	-	-	-	-
Offshore Financial Institutions	-	-	-	-	-	-	-	-	-	-
Multilateral Institutions	207,483	232,075	853,864	231,139	232,075	285,320	579,330	792,678	853,864	866,617
Bilateral Institutions	79,609	72,539	70,875	70,660	72,539	68,320	68,483	68,122	70,875	67,355
Private Capital Markets	1,650,000	1,650,000	2,475,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	2,475,000	2,475,000
Other Financial Institutions	656,726	613,048	631,621	608,012	613,048	600,438	603,509	876,257	631,621	598,395
TOTAL INTERNAL DEBT	4,905,099	5,165,557	5,386,577	5,025,915	5,165,557	5,287,189	5,289,898	5,516,957	5,386,577	5,518,723
By Instrument										
Foreign Currency	-	50,000	180,440	-	50,000	50,000	50,000	180,440	180,440	180,440
Government Securities	-	-	-	-	-	-	-	-	-	-
Loans	-	50,000	180,440	-	50,000	50,000	50,000	180,440	180,440	180,440
Bahamian Dollars	4,905,099	5,115,557	5,206,137	5,025,915	5,115,557	5,237,189	5,239,898	5,336,517	5,206,137	5,338,283
Advances	119,657	74,900	4,900	14,900	74,900	14,900	14,900	124,900	4,900	100,000
Treasury Bills	875,746	977,104	922,417	959,858	977,104	948,344	954,702	944,991	922,417	893,806
Government Securities	3,536,654	3,725,354	3,808,204	3,725,354	3,725,354	3,780,354	3,799,312	3,795,825	3,808,204	3,874,300
Loans	373,042	338,199	470,616	325,803	338,199	493,591	470,984	470,801	470,616	470,177
By Holder										
Foreign Currency	-	50,000	180,440	-	50,000	50,000	50,000	180,440	180,440	180,440
Commercial Banks	-	50,000	180,440	-	50,000	50,000	50,000	180,440	180,440	180,440
Other Local Financial Institutions	-	-	-	-	-	-	-	-	-	-
Bahamian Dollars	4,905,099	5,115,557	5,206,137	5,025,915	5,115,557	5,237,189	5,239,898	5,336,517	5,206,137	5,338,283
The Central Bank	518,721	455,725	253,375	436,667	455,725	286,900	362,122	372,177	253,375	353,723
Commercial Banks	1,983,549	2,053,618	2,174,010	2,040,377	2,053,618	2,286,884	2,241,071	2,237,207	2,174,010	2,217,747
Other Local Financial Iinstitutions	11,085	21,671	34,723	32,230	21,671	20,508	20,429	19,959	34,723	34,899
Public Corporations	586,572	602,704	576,975	597,242	602,704	596,327	589,438	582,768	576,975	577,258
Other	1,805,172	1,981,839	2,167,054	1,919,399	1,981,839	2,046,570	2,026,838	2,124,406	2,167,054	2,154,656
TOTAL FOREIGN CURRENCY DEBT	2,593,818	2,617,662	4,211,800	2,559,811	2,617,662	2,654,078	2,951,322	3,567,497	4,211,800	4,187,807
TOTAL DIRECT CHARGE	7,498,917	7,733,219	9,417,937	7,585,726	7,733,219	7,891,267	8,191,220	8,904,014	9,417,937	9,526,090
TOTAL CONTINGENT LIABILITIES	752,351	724,042	438,980	726,747	724,042	717,929	714,488	442,258	438,980	421,812
TOTAL NATIONAL DEBT	8,251,268	8,457,261	9,856,917	8,312,473	8,457,261	8,609,196	8,905,708	9,346,272	9,856,917	9,947,902

Source: Treasury Accounts & Treasury Statistical Summary Printouts
Public Corporation Reports
Creditor Statements, Central Bank of The Bahamas

TABLE 13
PUBLIC SECTOR FOREIGN CURRENCY DEBT OPERATIONS

(B$ '000s)

Period	2018*	2019	2020**	2019 QTR III.	2019 QTR IV.	2020 QTR I.	2020 QTR II.	2020 QTR III.***	2020 QTR IV.****	2021 QTR I.
Outstanding Debt at Beginning of Period	3,484,245	3,510,146	3,475,997	3,440,616	3,425,622	3,475,997	3,500,917	3,789,599	4,148,610	4,784,042
Government	2,616,225	2,593,818	2,617,662	2,553,188	2,559,811	2,617,662	2,654,078	2,951,322	3,567,497	4,211,800
Public Corporations	868,020	916,328	858,335	887,428	865,811	858,335	846,839	838,277	581,113	572,242
Plus: New Drawings	256,633	93,739	1,946,664	31,890	58,634	55,028	300,150	704,125	887,361	20,087
Government	65,330	93,664	1,944,995	31,890	58,634	55,028	300,150	703,298	886,519	19,229
Public corporations	191,303	75	1,669	-	-	-	-	827	842	858
Less: Amortization	216,894	122,225	666,537	36,233	15,184	26,156	15,520	360,837	264,024	61,244
Government	73,906	64,153	378,775	14,616	7,708	14,660	6,958	102,846	254,311	37,982
Public corporations	142,988	58,072	287,762	21,617	7,476	11,496	8,562	257,991	9,713	23,262
Other Changes in Debt Stock	(13,837)	(5,663)	27,918	(10,651)	6,925	(3,952)	4,052	15,723	12,095	(5,240)
Government	(13,831)	(5,667)	27,918	(10,651)	6,925	(3,952)	4,052	15,723	12,095	(5,240)
Public corporations	(6)	4	-	-	-	-	-	-	-	-
Outstanding Debt at End of Period	3,510,147	3,475,997	4,784,042	3,425,622	3,475,997	3,500,917	3,789,599	4,148,610	4,784,042	4,737,645
Government	2,593,818	2,617,662	4,211,800	2,559,811	2,617,662	2,654,078	2,951,322	3,567,497	4,211,800	4,187,807
Public corporations	916,329	858,335	572,242	865,811	858,335	846,839	838,277	581,113	572,242	549,838
Interest Charges	220,950	203,144	201,668	34,285	64,530	32,312	63,069	30,045	76,242	33,209
Government	154,701	144,039	157,895	20,445	50,386	20,075	50,469	20,179	67,172	24,840
Public corporations	66,249	59,105	43,773	13,840	14,144	12,237	12,600	9,866	9,070	8,369
Debt Service	437,844	325,369	868,205	70,518	79,714	58,468	78,589	390,882	340,266	94,453
Government	228,607	208,192	536,670	35,061	58,094	34,735	57,427	123,025	321,483	62,822
Public corporations	209,237	117,177	331,535	35,457	21,620	23,733	21,162	267,857	18,783	31,631
Debt Service ratio	8.3	6.3	22.7	6.5	8.2	5.1	57.2	94.4	43.6	21.0
Government debt Service/ Government revenue (%)	10.5	8.3	17.4	6.3	10.6	5.3	17.4	40.9	19.7	11.3
MEMORANDUM										
Holder distribution (B$ Mil):										
Banks	332.1	351.9	308.8	304.0	351.9	349.5	347.0	312.2	308.8	305.1
Offshore Financial Institutions	-	-	-	-	-	-	-	-	-	-
Multilateral Institutions	284.0	304.1	921.0	305.1	304.1	357.0	649.0	862.1	921.0	933.7
Bilateral Institutions	79.6	72.5	70.9	70.7	72.5	68.3	68.5	68.1	70.9	67.4
Other	1,164.4	1,097.5	1,008.1	1,095.7	1,097.5	1,076.1	1,075.1	1,256.2	1,008.1	956.5
Private Capital Markets	1,650.0	1,650.0	2,475.0	1,650.0	1,650.0	1,650.0	1,650.0	1,650.0	2,475.0	2,475.0

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

* The Debt Service Ratio for 2018 is presented net of a $44.1 million refinancing of Public Corporations' debt.

** The Debt Service and Government Debt Service/Revenue Ratios for 2020 is presented net of a of $248.0 million refinancing in Government's external debt.

*** Debt servicing during the 3rd quarter of 2020 includes public sector refinancing activities (transfer of $246 million in Government Guaranteed debt from BEC's to Government's books). The Debt Service Ratio is presented net of these transactions.

**** Debt servicing during the 4th quarter of 2020 includes the refinancing of $248.0 million in Government's external debt. The Debt Service and Government Debt Service/Revenue Ratios are presented net of this transaction.

TABLE 14
BALANCE OF PAYMENTS SUMMARY*

(B$ Millions)

Period	2018	2019	2020	2019				2020				2021
				Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
A. Current Account Balance (I+II+III+IV)	**(1,199.3)**	**(359.2)**	**(2,290.7)**	**201.3**	**100.3**	**(287.5)**	**(373.3)**	**94.8**	**(713.6)**	**(769.5)**	**(902.3)**	**(638.4)**
I. Goods (Net)	**(2,675.1)**	**(2,326.4)**	**(1,582.5)**	**(523.7)**	**(625.5)**	**(669.8)**	**(507.4)**	**(421.0)**	**(322.3)**	**(402.9)**	**(436.3)**	**(490.8)**
Exports	641.7	693.8	354.1	154.3	277.8	122.0	139.7	118.5	64.1	70.3	101.2	112.1
Imports	3,316.8	3,020.3	1,936.6	678.0	903.3	791.8	647.1	539.5	386.5	473.3	537.4	602.9
II. Services (Net)	**2,310.9**	**2,637.0**	**(95.2)**	**892.2**	**857.8**	**525.2**	**361.8**	**587.9**	**(201.9)**	**(237.3)**	**(243.9)**	**20.8**
Transportation	(411.6)	(367.0)	(172.8)	(109.8)	(103.6)	(65.8)	(87.7)	(72.3)	(25.7)	(35.9)	(39.0)	(53.3)
Travel	3,395.8	3,790.2	891.7	1,223.5	1,110.8	793.0	662.9	883.0	(2.9)	0.2	11.3	247.7
Construction	(43.3)	(58.4)	(59.0)	(10.9)	(10.9)	(12.7)	(23.9)	(5.2)	(7.2)	(14.4)	(32.1)	(22.5)
Insurance services	(154.0)	(144.0)	(153.3)	(36.8)	(34.9)	(49.7)	(22.5)	(29.7)	(39.1)	(41.1)	(43.4)	(44.2)
Charges for the use of intellectual property n.i.e.	(10.3)	(10.3)	(6.4)	(2.4)	(2.5)	(2.6)	(2.8)	(2.2)	(1.6)	(1.2)	(1.3)	(1.4)
Telecommunications, computer, and information services	(33.3)	(26.7)	(50.8)	(6.6)	(4.1)	(8.2)	(7.7)	(9.3)	(16.2)	(14.6)	(10.6)	(8.3)
Other business services	(335.5)	(414.5)	(361.7)	(98.7)	(74.3)	(98.8)	(142.8)	(105.8)	(77.3)	(70.7)	(107.9)	(87.8)
Government goods and services n.i.e.	(97.0)	(132.4)	(182.9)	(66.0)	(22.7)	(29.9)	(13.8)	(70.6)	(31.8)	(59.5)	(21.0)	(9.3)
III. Primary Income (Net)	**(765.6)**	**(603.1)**	**(439.5)**	**(164.4)**	**(138.7)**	**(121.6)**	**(178.5)**	**(61.7)**	**(163.2)**	**(73.2)**	**(141.4)**	**(99.1)**
Compensation of employees	(28.5)	(64.8)	(95.8)	(11.9)	(15.6)	(17.0)	(20.3)	(27.1)	(21.6)	(24.1)	(23.0)	(15.8)
Investment income	(737.1)	(538.3)	(343.7)	(152.5)	(123.0)	(104.6)	(158.2)	(34.5)	(141.6)	(49.2)	(118.4)	(83.2)
IV. Secondary Income (Net)	**(69.5)**	**(66.6)**	**(173.4)**	**(2.9)**	**6.7**	**(21.3)**	**(49.2)**	**(10.4)**	**(26.2)**	**(56.1)**	**(80.7)**	**(69.4)**
General government	132.8	145.0	46.4	41.4	42.0	31.5	30.1	39.1	10.2	(2.1)	(0.8)	0.3
Financial corporations, nonfinancial corporations, households, and NPISHs	(181.7)	(142.1)	(139.6)	(35.3)	(29.9)	(31.1)	(45.9)	(39.9)	(24.4)	(35.8)	(39.5)	(45.6)
of which: Workers remittances	*(128.2)*	*(123.5)*	*(99.9)*	*(31.8)*	*(27.7)*	*(29.9)*	*(34.1)*	*(25.5)*	*(19.0)*	*(26.3)*	*(29.1)*	*(24.7)*
Other current transfers	(20.7)	(69.5)	(80.1)	(8.9)	(5.4)	(21.7)	(33.5)	(9.6)	(12.0)	(18.1)	(40.4)	(24.0)
B. Capital Account	**0.0**	**907.8**	**546.8**	**0.0**	**0.0**	**158.5**	**749.3**	**264.7**	**130.2**	**87.0**	**65.0**	**55.1**
Capital transfers	0.0	907.8	546.8	0.0	0.0	158.5	749.3	264.7	130.2	87.0	65.0	55.1
C. Financial Account (excluding Reserve Assets)	**(722.4)**	**(282.5)**	**(2,355.6)**	**63.0**	**(244.3)**	**(26.6)**	**(74.6)**	**(77.7)**	**(548.8)**	**(693.3)**	**(1,035.9)**	**(271.1)**
Direct Investment	(637.3)	(470.2)	(421.2)	(159.0)	(99.5)	(120.7)	(91.1)	(10.1)	(133.1)	(61.7)	(216.4)	(134.1)
Portfolio Investment	346.1	269.9	(656.8)	71.7	22.2	118.4	57.7	136.9	(114.9)	319.0	(997.8)	671.1
Other Investments	(431.2)	(82.1)	(1,277.6)	150.4	(167.0)	(24.3)	(41.2)	(204.5)	(300.8)	(950.6)	178.2	(808.1)
Currency and deposits	1,058.6	(381.7)	(475.2)	(195.2)	0.5	(34.8)	(152.2)	298.8	(303.5)	(639.0)	168.5	(781.0)
Loans	(1,132.6)	127.8	(742.4)	117.2	(29.3)	(65.4)	105.3	(348.7)	(204.8)	(284.4)	95.5	(66.7)
Other accounts receivable/payable and trade credit advances	(357.2)	171.8	(60.1)	228.4	(138.2)	75.9	5.7	(154.6)	207.5	(27.2)	(85.8)	39.7
Special Drawing Rights Allocation	(4.1)	(1.0)	7.1	(0.3)	0.24	(3.3)	2.4	(2.2)	1.36	4.0	4.1	(2.9)
D. Net Acquistion of Reserve Assets	**(222.9)**	**564.4**	**620.9**	**239.5**	**119.9**	**0.4**	**204.5**	**298.4**	**(8.0)**	**54.1**	**276.3**	**(130.3)**
Special drawing rights	46.5	33.9	22.1	(0.6)	0.1	17.2	17.3	12.7	0.1	5.2	4.1	(2.9)
Reserve position in the IMF	(0.6)	(0.2)	1.1	(0.0)	0.0	(0.5)	0.4	(0.4)	0.3	0.6	0.6	(0.4)
Other reserve assets	(268.8)	530.6	597.7	240.2	119.8	(16.2)	186.9	286.1	(8.3)	48.3	271.6	(127.0)
E. Net Errors & Omissions	**(254.0)**	**266.8**	**(9.0)**	**(101.2)**	**224.7**	**(102.8)**	**246.0**	**138.8**	**(26.7)**	**(43.4)**	**(77.7)**	**(181.9)**

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

Source: Central Bank of The Bahamas

* Figures may not sum to total due to rounding

TABLE 15
EXTERNAL TRADE

(B$ '000s)

Period	2017	2018	2019	2019 Qtr. I	2019 Qtr. II	2019 Qtr. III	2019 Qtr. IV	2020 Qtr. I	2020 Qtr. II	2020 Qtr. III
I. OIL TRADE										
i) Exports	72,692	101,558	79,403	22,287	22,480	14,522	20,114	20,213	25,110	22,337
ii) Imports	552,863	583,402	716,906	127,670	170,258	256,544	162,434	127,372	97,308	78,073
II. OTHER MERCHANDISE										
Domestic Exports										
Crawfish	46,025	58,684	72,655	15,984	22,008	11,102	23,561	323	-	576
Fish Conch & other Crustacea	2,653	2,770	3,942	1,045	1,437	1,356	104	-	-	-
Other cordials &Similar Materials/Sponge	496	450	1,179	190	271	310	408	-	-	3
Fruits & Vegs.	-	-	-	-	-	-	-	-	-	-
Aragonite	1,828	2,816	2,569	607	873	474	615	468	1,081	617
Other Natural Sands	460	531	347	77	95	59	116	9	259	57
Rum/Beverages/Spirits & Vinegar	-	-	-	-	-	-	-	-	-	-
Crude Salt	4,560	13,218	9,997	4,135	1,157	1,750	3,488	2,005	1,300	2,893
Polystrene Products	75,471	80,956	68,916	25,792	17,651	14,562	10,911	12,882	13,592	12,009
Other	36,337	78,016	43,010	10,283	24,048	7,945	734	2,052	6,950	4,566
i) Total Domestic Exports	224,783	237,442	202,612	57,580	67,539	37,557	39,936	17,737	23,182	20,722
ii) Re-Exports	171,829	174,382	255,252	40,906	145,357	28,738	40,251	51,810	7,141	26,281
iii) Total Exports (i+ii)	396,610	411,824	457,864	98,486	212,896	66,295	80,187	69,547	30,323	47,003
iv) Imports	2,874,959	2,938,015	2,593,383	581,257	811,272	678,285	522,569	459,351	330,803	467,741
v) Retained Imports (iv-ii)	2,703,132	2,763,633	2,338,131	540,351	665,915	649,547	482,318	407,541	323,662	441,460
vi) Trade Balance (i-v)	(2,478,349)	(2,526,191)	(2,135,519)	(482,771)	(598,376)	(611,990)	(442,382)	(389,804)	(300,480)	(420,738)

Source: Department of Statistics Quarterly Statistical Summaries
Figures may not sum due to rounding.

TABLE 16
SELECTED TOURISM STATISTICS

Period	2018	2019	2020	2019			2020				2021
				Qtr. II	Qtr. III	Qtr. IV	Qtr. I	Qtr. II	Qtr. III	Qtr. IV	Qtr. I
Visitor Arrivals	6,622,015	7,249,529	1,794,522	1,888,129	1,555,388	1,811,716	1,701,575	3,998	34,221	54,728	115,874
Air	1,558,086	1,662,419	418,329	498,300	361,194	320,299	348,008	1,736	21,802	46,783	102,882
Sea	5,063,929	5,587,110	1,376,193	1,389,829	1,194,194	1,491,417	1,353,567	2,262	12,419	7,945	13,012
Visitor Type											
Stopover	1,632,252	1,806,303	435,376	546,269	400,373	335,534	372,588	3,935	33,404	25,449	103,331
Cruise	4,877,596	5,433,359	1,327,142	1,330,506	1,156,420	1,471,860	1,327,084	-	58	-	78
Day/Transit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tourist Expenditure(B$ 000's)	3,727,600	4,125,400	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Stopover	3,370,600	3,729,900	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cruise	354,200	392,800	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Day	2,800	2,700	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Number of Hotel Nights	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average Length of Stay	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average Hotel Occupancy Rates (%)											
New Providence	59.8	65.1	n.a.	72.5	61.0	52.0	62.5	n.a.	n.a.	n.a.	n.a.
Grand Bahama	55.7	45.2	n.a.	50.1	48.4	23.9	n.a.	n.a.	n.a.	n.a.	n.a.
Other Family Islands	43.2	46.9	n.a.	53.7	61.0	43.8	n.a.	n.a.	n.a.	n.a.	n.a.
Average Nightly Room Rates ($)											
New Providence	245.03	257.80	n.a.	261.26	212.85	259.81	277.83	n.a.	n.a.	n.a.	n.a.
Grand Bahama	68.48	89.03	n.a.	83.70	95.30	100.69	n.a.	n.a.	n.a.	n.a.	n.a.
Other Family Islands	244.86	241.15	n.a.	255.52	212.85	207.69	n.a.	n.a.	n.a.	n.a.	n.a.

Source: The Ministry of Tourism, The Bahamas Hotel & Tourism Industry

Figures may not sum due to rounding.

GROSS ECONOMIC CONTRIBUTION OF THE FINANCIAL SECTOR IN THE BAHAMAS (2020)

INTRODUCTION

The financial services sector is estimated as the second largest contributor to the domestic economy, accounting for approximately 10%-15% of the country's Gross Domestic Product (GDP). The industry, which employs a significant number of highly skilled workers, has direct effects on both employment and spending, while indirectly impacting other sectors, such as construction, real estate and wholesale & retail trade. In terms of the product offerings, the domestic sector is more retail and labour intensive, while the international sector products focus on more high net worth clients and targets more specialist higher priced labour.

According to The Bahamas' financial services sector 2020 survey, the business footprint of the sector remained structurally challenged, with further reduction in balance sheet and fiduciary activities. Of note, the international sector continues to adjust to tightening standards for tax cooperation and transparency; and further strengthening of regulatory and other standards for anti-money laundering (AML), counter-financing of terrorism (CFT) and anti-proliferation. Increased operations efficiency, also remained a focus, including for supplies of domestic financial services, with gradually reducing levels of employment. The annual outcomes nevertheless continue to indicate incremental gains in value-added from expenditures in the economy, given modest increases in taxes and Government fees and a firming in other operating costs.

In 2020, the estimated balance sheet size of financial sector operations reduced, evidenced by a decline in assets holdings within the banking sector. Specifically, on balance sheet assets contracted by approximately $13.5 billion (7.2%) to $172.8 billion, as the falloff in international banks assets, outweighed the growth in domestic banks assets. With regard to fiduciary assets, a reduction of $39.4 billion (15.0%) was registered in 2020, for an end balance of $223.2 billion. In contrast, international assets under management increased for the securities industry during the review year. Further, credit unions provided expanded contributions, exhibited by gains in balance sheet assets. Meanwhile, onshore insurance operations reverted to trend, after a significant growth in the previous year, which was due to undisbursed re-insurance claims settlements following the passage of Hurricane Dorian.

During the year, the Central Bank continued to follow a risk-based approach to financial supervision, ensuring that the system remained stable, amidst the shock of the pandemic. In 2020, owing to the uncertainty surrounding the severity of the impact of the pandemic, domestic banks maintained healthy capital buffers to absorb any credit losses. Meanwhile, surveillance increased for both domestic and international supervised financial institutions (SFIs), in terms of their adjustments to the financial and business continuity risks posed by the spread of the virus. In addition, the Bank released COVID-19 Guidance Notes to help inform SFIs' risk management practices and to delineate areas in which regulatory forbearance was forthcoming on prudential matters. Enrolment of the credit unions in the Deposit Insurance Scheme also bolstered confidence in the sector.

Further, a major accomplishment in 2020 was the removal of The Bahamas from the Financial Action Task Force's (FATF) list of Jurisdictions under enhanced monitoring, to which the jurisdiction had been subject since the 2017 Mutual Evaluation Report of effectiveness in anti-money laundering (AML) and counter-financing of terrorists (CFT) measure.

GOVERNMENT REVENUES

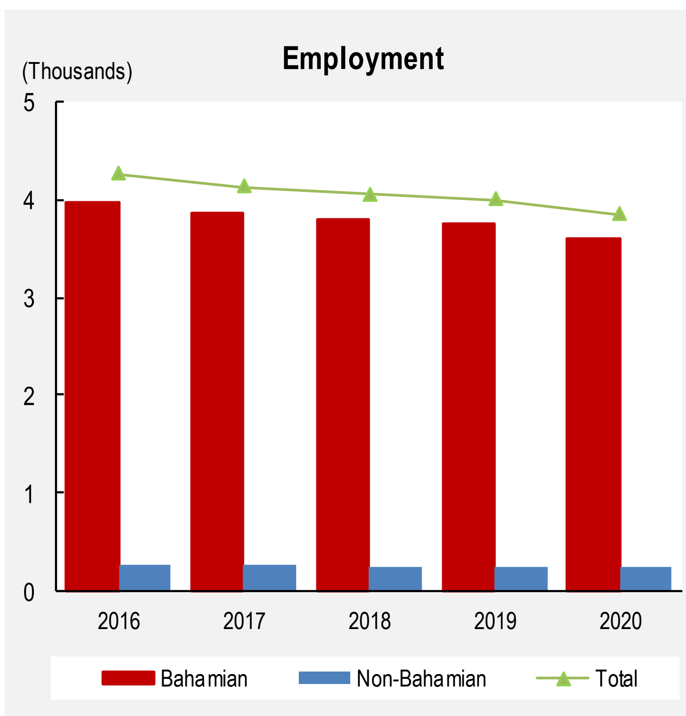
An analysis of the financial sector performance revealed that total taxes and fees collected by the Government grew by 4.4% in 2020 to $164.4 million. Contributing to this outturn was a 9.2% rise in transactional taxes on domestic intermediation activities to $94.0 million, bolstered by increases in stamp taxes on banking transactions (18.3%) and insurance premium taxes (7.9%). Providing some offset, license and registration fees declined by 1.4% to $70.4 million, owing mainly to an 8.6% contraction in receivables from international business companies (17.3% of the total) and a 0.1% softening from banks and trust companies (71.8% of the total). Conversely, collections from investment funds (9.8% of the total) moved higher by 4.6%.

THE BANKING SECTOR

The banking sector remained the dominated component within the financial sector, despite the adverse impact of the ongoing pandemic. On the domestic side, local banks sustained elevated liquidity levels amid a contraction in credit, slowed deposits growth, and a persistent conservative lending stance.

The total number of banks and trust companies licensed in The Bahamas reduced further by 4 to 217 in 2020, after a decrease of 10 in 2019. Public banks & trust companies and restricted, non-active & nominees, declined by 1 and 3 to 84 and 133, respectively. The public institutions, which provide a combination of domestic and international services, comprised of 49 Bahamian incorporated entities and 13 euro-currency branches of foreign banks operating inside The Bahamas. In addition, there were 22 authorized dealers & agents, that encompassed 14 authorised agents (resident trust companies)[3] and 8 authorised dealers (commercial banks).

Total domestic assets within the banking sector grew by 2.0% to $10.9 billion in 2020, albeit lower than the 7.4% growth in 2019, and average annual growth of 2.1% over the past five years, largely explained by an expansion in credit to the Government. In contrast, total assets of the international banking sector contracted by 8.7% to $153.3 billion, a reversal from a 1.1% gain in the previous year. This however continued an average annual decrease of 4.9% over the last five years.



EMPLOYMENT

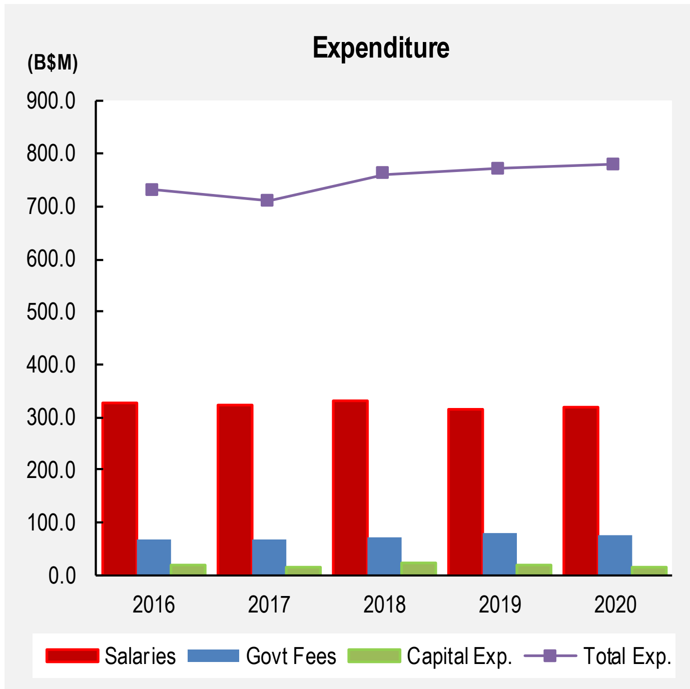
Total employment within banks and trust companies declined by 158 (3.9%) to approximately 3,843 in 2020, extending the 1.2% decrease in 2019 and an average yearly falloff of 2.2% over the past five years. An analysis by nationality revealed that both Bahamian and non-Bahamian positions

[3] These entities have mostly international clientele, but are also licensed under Exchange Regulations to provide foreign currency trust services to domestic clients.

reduced by 155 (4.1%) and 3 (1.2%) to 3,599 and 244, respectively. Consequently, the ratio of Bahamians in the banking sector narrowed by 10 basis points to 93.7%, vis-à-vis the same period in 2019. A disaggregation by assigned functions showed that a majority of Bahamians were engaged in local banking sector roles (66.6%), followed by international banking (13.9%), trust administration (11.3%) and other wealth management related activities (8.2%).

EXPENDITURES

During 2020, total expenditure in the banking sector grew by $9.0 million (1.2%) to $779.8 million, just below the 1.4% increase a year earlier; and average annual spending gains of 1.5% over the last five years. Contributing to this outturn, total operational costs—representing 97.8% of expenditure—increased by $10.4 million (1.4%) to $762.7 million, although below the 2.4% growth last year. In terms of the components, salaries were higher by $4.4 million (1.4%) at $319.5 million, a turnaround from a 4.4% reduction in 2019. This reflected a 2.1% gain in base salaries, which offset the 2.6% decline in bonuses. Further, other administrative costs advanced by $11.1 million (3.1%) to $364.0 million, albeit lower than the 7.2% growth last year, attributed to a rise in local banking merchant fees. In contrast, Government fees reduced by $3.7 million (4.6%) to $78.0 million, a reversal from a 12.0% increase in 2019, underpinned by decreases for work permits and stamp duty. In addition, spending on staff training lessened by $1.4 million (53.2%) to $1.2 million, extending the 13.8% falloff in 2019.



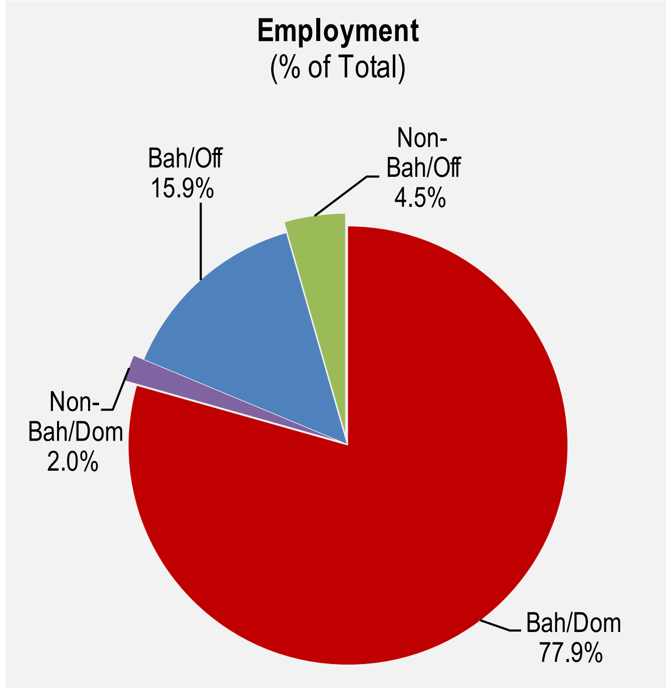
Banks and trust companies' capital expenditure—which includes outlays for renovations, construction and other fixed assets—reduced by $1.4 million (7.5%) to $17.1 million, relative to a 27.4% contraction in 2019.

DOMESTIC VERSUS INTERNATIONAL BANKING

A breakdown of the banking sector into domestic and international operations permits for a more detailed comparison between the domestic sector's retail-oriented services and international banking, which focuses on wealth management-related activities.

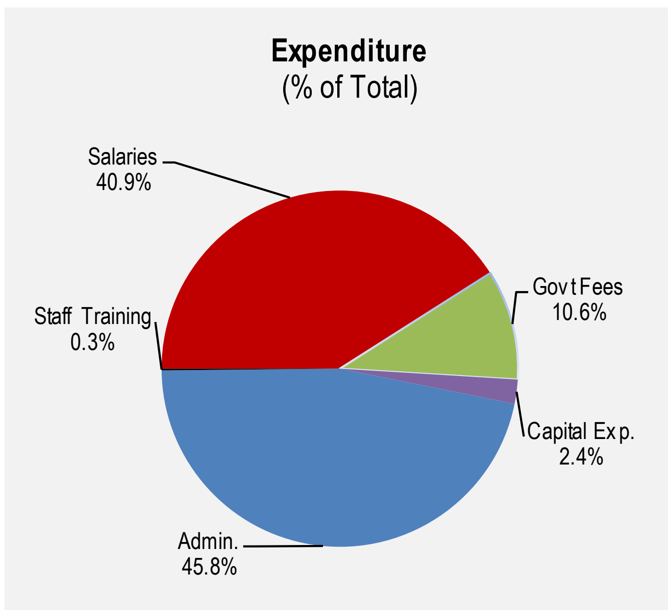
During the year, total employment in the domestic banking sector decreased by 71 (2.2%) to 3,124, a turnaround from a 0.4% increase in 2019 and an average yearly reduction of 0.4% between 2015 and 2019. Similarly, international sector employees contracted by 87 (10.8%) to 719, extending the 7.0% falloff in the year prior and an average yearly contraction of 7.8% over the past five years.

In terms of the composition, the total number of Bahamians within the domestic banking sector fell by 65 (2.1%) to 3,051, after remaining unchanged during the previous year. In addition, total non-Bahamian employees declined by 6 (7.6%) to 73, contrasting with a 19.7% growth in 2019. As a result, the ratio of Bahamian to non-Bahamian employees firmed to 41:1 from 39:1 in the prior year.



In the international sector, total Bahamian staff lessened by 90 (14.1%) to 548, compared to a 6.7% falloff in 2019. However, the number of non-Bahamians rose slightly by 3 (1.8%) to 171, vis-à-vis an 8.2% decline last year. Consequently, the ratio of Bahamian to non-Bahamian employees narrowed to 3.2:1 from 3.8:1 a year earlier.

With regard to compensation, both the international and domestic sectors registered gains in earnings, amid general salary increases, but also significant severance payouts. Specifically, average compensation in the international sector grew by $10,807 (9.6%) to $123,227 per annum. In addition, the average salary for the domestic banks rose by $3,703 (6.6%) to $59,411 per annum.



Upward trends in expenses within the domestic banking sector persisted during the year, contrasting with the reduction in the international sector. Specifically, total expenditure in domestic operations increased by 3.9% to $545.1 million, exceeding the 2.6% growth last year and the average annual gains of 3.7% over the last five years. Underlying this development, total operational costs—representing 97.0% of the total—expanded by 4.1% to $530.0 million, following a 2.7% increase in 2019. In particular, salary outlays advanced by 3.8% to $203.3 million, vis-à-vis a slight 0.1% moderation in the prior year, as the 4.3% rise in base pay outstripped the 0.5% decrease in bonuses. In addition, non-staff administrative costs moved higher by 7.2% to $256.1 million, extending the 2.1% uptick in 2019. In a slight offset, government fees fell by 4.3% to $69.7 million, a reversal from the 14.4% expansion a year prior. Further, outlays for staff training contracted by 42.5% to $0.9 million, surpassing the 24.3% decline in the previous period. Capital expenditure also reduced by 1.5% to $15.1 million, a turnaround from the 1.0% uptick in 2019.

In the international banking sector, total expenditure contracted by 4.8% to $234.6 million, extending the 1.1% decline in 2019 and the 2.4% annual average falloff over the 2015 to 2019 period, amid reductions across major expense categories. Specifically, the high valued salary component declined by 2.6% to $116.2 million, albeit lower than the 10.7% decrease last year. Further, government fees fell by 6.8% to $8.3 million, after a 4.9% decrease last year, while spending on staff training reduced by 69.9% to $0.3 million, a reversal from a 10.3% increase in 2019. Non-staff administrative costs also declined by 5.4% to $107.9 million, vis-à-vis a 19.9% growth in the previous year. In addition, capital expenditure contracted by 37.5% to $1.9 million, albeit lower than the 69.6% falloff a year earlier.

OTHER FINANICAL SECTOR ACTIVITES

SECURITIES INDUSTRY

For the securities industry, comprehensive data on expenditure and employment is not available. However, indications are that the securities industry's contribution to the domestic economy contracted. Specifically, information from the Securities Commission of The Bahamas (SCB), showed that the number of licensed investment fund administrators decreased by 9 to 48. In addition, the number of licensed investment funds under administration reduced by 30 to 712. Nevertheless, total assets under management increased to just $49.7 billion in 2020 from $38.4 billion in 2019.

The SCB supervises the financial and corporate services providers (FCSPs), which are domestic professional firms that offer services to the financial sector. In 2020, the number of FCSPs lessened by 9 to 340, reflecting a decline in demand for these services.

INSURANCE SECTOR

During 2020, the local insurance sector remained relatively stable despite the challenges presented by the COVID-19 pandemic. The latest data from the Insurance Commission of The Bahamas (ICB), revealed that the number of licensed insurers, brokers and agents decreased by 1 to 159 in 2020. In particular, domestic intermediaries and insurers remained stable at 127, while the number of external insurers and intermediaries fell by 1 to 32. Similarly, total assets of domestic companies contracted by 34.8% to $2,197.8 million in 2020. Notably, general insurance assets returned to trend, declining to $682.3 million, after surging to $1,886.6 million in 2019, due to accumulated undisbursed reinsurance inflows following the passage of Hurricane Dorian. Conversely, the long-term insurance asset base increased marginally by 2.0% to $1,515.5 million.

In terms of employment, the number of persons employed in the sector declined by 179 to 914 in 2020, with the estimated average annual salary almost $40,000. Despite the absence of a comprehensive estimate, indications are that overall expenditures contracted during the review year. In particular, outlays among domestic long-term insurers were projected at $104.0 million, from $132.0 million in 2019, which represented 98.7% of operating cost.

CREDIT UNIONS

While the number of credit union entities, inclusive of the Bahamas Co-operative League Limited, remained at 10, the sector's balance sheet grew marginally by 1.3% to $482.3 million in 2020. This was led by a 32.2% expansion in long-term financial assets, as well as a 32.0% rise in liquid investments, mainly fixed deposits—both against a 30.0% reduction in cash balances to $22.1 million. Credit unions also reduced substantially holdings of short-term marketable securities (to $0.1 million from $3.5 million). Net loans to members decreased by 4.6% to $216.4 million, owing to reductions across almost all loan facilities. Meanwhile, funding resources from primarily members' deposits, increased by 1.4% to $416.9 million.

Meanwhile, credit unions' total expenditure—exclusive of intermediation costs—reduced by $2.6 million (8.2%) to $29.0 million in 2020. Specifically, operational outlays fell by $1.7 million (8.6%) to $17.6 million, attributed to declines in general business expenses (12.9%), personnel expenses (5.1%)—inclusive of base salaries, bonuses and staff expenses, marketing costs and organizational expenses. In addition, non-capital costs decreased by 9.9% to $5.9 million. Meanwhile, capital expenditure (investment property expenses) moved lower by 10.4% to $1.5 million in 2020. With regard to employment, the staff complement firmed by 7 to 190 persons at end-2020, with annual salaries close to $30,000 per annum.

SELECTED SUPERVISORY AND REGULATORY DEVELOPMENTS

During the year, initiatives in the financial sector remained focused on improving The Bahamas supervisory regime, with sustained focus on adherence to international regulatory standards, jurisdictional cooperation and transparency and financial crimes risk reduction. Further, with the COVID-19 pandemic in 2020, the Central Bank's policies were geared towards mitigating financial sector disruptions and strengthening resilience.

In this context, all regulators released COVID-19 Guidance Notes, which provided certain temporary relaxed accommodations to supervised financial institutions (SFIs) to alleviate some of the difficulties presented by the pandemic. Further, SFIs sustained their efforts to comply with the most recent legislative requirements embodied in the Beneficial Ownership Registry and the Commercial Entities (Substance Requirement) Act. In addition, all regulators continued to participate in The Bahamas' Identified Risk Framework Steering Committee (IRFSC), which meets weekly to discuss related work within the jurisdiction. The IRFSC spearheaded through the Attorney General's Office, the official efforts to remediate deficiencies cited in the AML/CFT Mutual Evaluation Report of The Bahamas, which was issued by the Caribbean Financial Action Task Force (CFATF) in July 2017. As a result of these efforts and a follow-up assessment, in November 2020, the FATF removed The Bahamas from its list of Jurisdictions under Increased Monitoring, which has subsequently led to the removal of The Bahamas from several blacklists within the European Union.

In 2020, the Group of Financial Services Regulators (GFSR) work centered on the review and amendments to the GFSR Memorandum of Understanding, that was finalized during the last month of the year. Further, a standardized reporting framework for data collection and a centralized depository for the group's communication was developed and approved during the period. Upcoming work for the group will focus on harmonizing some of the common Anti-Money Laundering/Countering the Financing of Terrorism/Proliferation Financing (AML/CFT/PF) reporting for SFIs.

CENTRAL BANK SUPERVISED ACTIVITIES

Across Central Bank supervised sectors and activities, regulatory initiatives were sustained on multiple initiatives, in addition to surveillance and guidance to SFIs to ensure a stable adjustment process to effects of the pandemic. The Bank also continued to focus on effective supervisory interventions and refining its administrative processes for supervision. In this regard, SFIs maintained healthy progress in remediating requirements and directives emanating from supervisory examinations, despite constrained employee working arrangements caused by the pandemic.

During the year, the domestic banking sector received guidance on the accounting, provisioning and write-off approaches for COVID-19 impacted loans. The sector opted to continue with pre-existing IFRS9 provisioning methodologies, which reflected underlying financial strength. Additional reporting requirements were also implemented for domestic banks, which included monthly reporting on the level of loan deferrals and non-performing loans (NPLs), due to the pandemic. Broad observations from consolidated results indicated that the domestic systemically important banks (DSIBs) remain resilient, despite the challenges posed by COVID-19.

As regard AML/CFT initiatives, outreach intensified and the Bank continued to pursue access to improved data and analytics. In collaboration with the Inter-American Development Bank and the Association of Supervisors of Banks of The Americas (ASBA), the Bank hosted an inaugural global research conference in January 2020, focusing on empirical approaches to anti-money laundering and financial crime suppression. It established The Bahamas as the first jurisdiction to hold a global conference on empirical approaches to AML and financial crime. In addition, in March 2020, the second edition of the newsletter to correspondent banks was issued; an initiative that seeks to improve external stakeholders' understanding of the quality of AML/CFT supervision within the jurisdiction and to provide a better assessment of ML/TF risk and related risk management practices within The Bahamas. As regard, analytics, the Bank also commenced work on the implementation of automated tools to monitor SWIFT wire transfers departing or entering The Bahamas annually, which will provide new insights on the characteristic of Bahamian cross-border payments, identifying patterns of relevance in the sectors, jurisdictions and institutions of counterparties and intermediaries.

The Bank maintained its focus on implementing the remaining elements of the Basel III supervisory framework, by virtue of industry engagement with the release of its draft Capital Regulations and Guidelines in November 2020, with the second round of consultation ending in January 2021. Given delays caused by the COVID-19 pandemic, the Central Bank extended full implementation of the framework by one year to January, 2022. Further, recognizing that outsourcing is no longer an unusual risk requiring an extraordinarily high level of supervisory intervention, the Bank, in 2020, moved away from an approval regime to one of notification. The revised Guidelines on Minimum Standards for the Outsourcing of Material Functions were released in November, 2020.

A major step towards formalizing the financial sector crisis management framework was the passage of revamped legislation. These were the Central Bank of The Bahamas Act, 2020, the Banks and Trust Companies Regulation Act, 2020 and the Protection of Depositors (Amendment) Act, 2020, all of which came into effect on 1st September, 2020. The legislation address governance around the resolution of distressed banks and trust companies, requirements for self-drafted resolution plans by banks and the authority and powers of the Central Bank in the midst of interventions in troubled banks. With the legal framework in place, the Bank is currently working towards operationalizing the framework to produce both internal policies and external guidance notes for SFIs.

The Bank provided supervisory and administrative support to the operations of the Deposit Insurance Corporation (DIC), as well as the responsibility to oversee the Deposit Insurance Fund, providing technical resources for its regulatory mandate, and administrative support for its operations. The DIC provided protection coverage of up to a maximum of $50,000 for any single depositor in each of its 18 member institutions. During 2020, the DIC achieved important reform milestones, which strengthened and expanded the insurance mechanism and governance arrangements. In addition to enhanced crisis preparedness and management frameworks for the DIC, the reforms extended compulsory membership to credit unions.

The Bank's financial inclusion and payments modernization efforts were curtailed as the momentum of the launch of the Project Sand Dollar pilots in the Exuma and Abaco was interrupted by the COVID-19 global pandemic. As a result, focus intensified on the development of the core infrastructures and the security posture of both the Sand Dollar system and the participating financial institutions. This permitted the Bank to transition to the gradual nationwide launch in October, 2020. An initial six authorized financial institutions (AFIs) were approved, having satisfactorily completed the security assessments–four money transmission businesses (MTBs) and two payment service institutions (PSPs).

In terms of the credit bureau, the official kick-off of CRIF Information Services Bahamas Limited (CRIF Bahamas) was in January, 2020. The CRIF Bahamas project team worked with the 35 identified credit information providers to achieve live data reporting by the end of 2020. These providers include supervised entities of the Central Bank, Insurance Commission of The Bahamas and the Securities Commission of The Bahamas. The constrained logistic of the pandemic shifted the credit bureau reporting transition to the first quarter of 2021. In addition to the regulated financial institutions, the Bank intended to designate the utilities companies and certain non-financial providers as credit information providers in 2021. The Ministry of Finance has also been engaged, so that information from certain tax registries can also be supplied into the credit information system. Once operational, the credit bureau will offer significant benefits to both lenders and borrowers. Lending institutions will be able to better assess the creditworthiness of borrowers and to establish both pricing and supply of credit by risk profiles. Public awareness efforts will be advanced by the credit bureau throughout 2021.

CONCLUSION AND OUTLOOK

The 2020 survey of financial sector activities showed that despite the headwinds faced during the year, as a result of the COVID-19 pandemic, where SFIs had to adjust operations to comply with the Emergency Powers (COVID-19) Order, 2020, the overall sector remained relatively stable. Modest gains were recorded in tax revenues and expenditures in the local economy. However, cost considerations and subdued credit market conditions, curtailed the operation prospects for the domestic sector. Further, The Bahamas continued to experience employment retrenchment across the domestic and the international sectors, due in part to the pandemic and offering of severance packages. Nevertheless, the sound regulatory regime and pool of professionals supporting the industry, continue to promote The Bahamas as a choice jurisdiction, adding value for clients in varied dimensions.

With the passage of revised legislation for most of the sector during the year, strategic initiatives to strengthen market competitiveness will be a key focus in 2021 for all regulators. As such, the Central Bank will remain focused on its efforts to strengthen the regulatory framework for its SFIs, as this remains an important component in The Bahamas' offering to international clients. In addition, the collaborative posture across all regulators will continue to be strengthened, to support a medium-term growth and resilience posture for financial services.

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

Period	2016p	2017p	2018p	2019p	2020p
A. Taxes on Transactions	**88.4**	**98.5**	**109.2**	**86.0**	**94.0**
Gross Insurance Premium Tax 1/	21.7	22.1	23.2	24.3	26.2
Stamp Tax on Mortgages	15.5	15.2	18.5	8.3	4.6
Stamp Tax on Other Banking Transactions	51.0	61.0	67.3	53.2	62.9
Stamp Tax on Instruments & Bonds	0.2	0.2	0.3	0.4	0.3
B. Licence & Registration Fees	**67.5**	**71.0**	**73.1**	**71.5**	**70.4**
International Business Companies (IBCs)	14.4	15.1	14.7	13.3	12.2
Banks and Trust Companies 3/	47.6	50.5	51.0	50.6	50.6
Insurance Companies, Brokers & Agents	0.4	0.3	0.3	0.4	0.3
Financial & Corp. Svcs. Providers	0.5	0.6	0.6	0.6	0.5
Investment Funds 2/	4.6	4.5	6.5	6.6	6.9
C. Total Revenues	**155.9**	**169.5**	**182.3**	**157.5**	**164.4**

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

Notes: 1/ Premium Tax collected from Insurance Companies.
2/ Amounts collected by the Securities Commission.
3/ Amounts revised to include other fees payable.

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

Period	2016p	2017p	2018p	2019p	2020p
A. Total Employment	4,256	4,129	4,049	4,001	3,843
1. Non-Bahamians	277	267	249	247	244
2. Bahamians (of which)	3,979	3,862	3,800	3,754	3,599
i) Local Banking	2,614	2,500	2,430	2,457	2,398
ii) Offshore Banking	552	588	627	590	500
iii) Trust Administration	450	525	483	447	406
iv) Other	363	249	260	260	295
			(B$ Millions)		
B. Total Operational Costs (1+2+3+4)	708.0	694.9	734.8	752.3	762.7
1. Salaries[1]	327.0	324.4	329.7	315.1	319.5
i) Base Salaries	278.5	271.6	275.5	268.6	274.2
ii) Bonuses	48.5	52.8	54.2	46.5	45.3
2. Government Fees	69.0	67.2	73.0	81.7	78.0
i) Licence	47.7	50.5	51.0	50.6	50.6
ii) Company Registration	0.4	0.7	0.6	0.4	0.4
iii) Work Permits	2.7	2.6	2.7	2.6	2.4
iv) Other Government Fees	18.2	13.5	18.6	28.1	24.7
3. Staff Training	2.9	2.6	3.0	2.6	1.2
4. Other Administrative Costs	309.1	300.6	329.1	352.9	364.0
C. Capital Expenditure[2]	21.7	15.6	25.4	18.4	17.1
D. Total Expenditure (B+C)	729.7	710.4	760.1	770.8	779.8
E. Average Salary (B$)[3]	65,445	65,784	68,032	67,132	71,351

Source: Central Bank of The Bahamas

[1] Includes bonuses.

[2] Includes construction, renovation expenses and other fixed assets.

[3] Excludes bonuses.

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

Period	2016p	2017p	2018p	2019p	2020p	2016p	2017p	2018p	2019p	2020p
			Domestic					**International**		
A. Total Employment	3,163	3,133	3,182	3,195	3,124	1,093	996	867	806	719
1. Non-Bahamians	34	54	66	79	73	243	213	183	168	171
2. Bahamians (of which)	3,129	3,079	3,116	3,116	3,051	850	783	684	638	548
i) Local Banking	2,610	2,500	2,430	2,457	2,398	--	--	--	--	--
ii) Offshore Banking	15	97	182	200	193	541	491	445	390	307
iii) Trust Administration	263	310	317	292	266	187	215	166	155	140
iv) Other	241	172	187	167	194	122	77	73	93	101
						(B$ Millions)				
B. Total Operational Costs (1+2+3+4)	444.3	452.0	495.8	509.1	530.0	263.7	242.8	239.0	243.2	232.7
1. Salaries[1]	178.8	182.9	196.0	195.8	203.3	148.2	141.5	133.7	119.3	116.2
i) Base Salaries	162.2	166.1	179.1	178.0	185.6	116.3	105.5	96.3	90.6	88.6
ii) Bonuses	16.6	16.8	16.9	17.8	17.7	31.9	36.0	37.3	28.7	27.6
2. Government Fees	57.7	57.5	63.7	72.8	69.7	11.3	9.8	9.4	8.9	8.3
i) Licence	40.7	44.3	44.9	44.5	44.4	6.9	6.2	6.2	6.1	6.1
ii) Company Registration	0.0	0.0	0.4	0.1	0.2	0.3	0.7	0.2	0.2	0.2
iii) Work Permits	0.5	0.6	0.9	0.7	0.9	2.2	2.0	1.8	1.9	1.5
iv) Other Government Fees	16.4	12.5	17.5	27.5	24.2	1.8	0.9	1.1	0.6	0.5
3. Staff Training	2.0	1.7	2.1	1.6	0.9	1.0	0.9	0.9	1.0	0.3
4. Other Administrative Costs	205.9	210.0	234.1	238.9	256.1	103.2	90.6	95.0	114.0	107.9
C. Capital Expenditure[2]	14.4	12.6	15.2	15.4	15.1	7.3	3.0	10.2	3.1	1.9
D. Total Expenditure (B+C)	458.7	464.6	511.0	524.5	545.1	271.0	245.8	249.2	246.3	234.6
E. Average Salary (B$)[3]	51,291	53,028	56,289	55,708	59,411	106,405	105,911	111,129	112,419	123,227

Source: Central Bank of The Bahamas

[1] Includes bonuses.

[2] Includes construction, renovation expenses and other fixed assets.

[3] Excludes bonuses.

Table D: Other Selected Financial Sector Statistics

	Unit	2016r	2017r	2018r	2019r	2020p
Investment Funds						
Licensed Investment Funds	Number	859	783	748	742	712
Licensed Administrators	**Number**	**64**	**62**	**62**	57	48
Net Asset Value	*B$ Billions*	*136.8*	*86.3*	*n/a*	38.4	49.7
Insurance Companies and Agents	**Number**	**142**	**144**	**151**	**160**	**159**
Domestic Companies and Agents	**Number**	**112**	**115**	**118**	**127**	**127**
Total Domestic Assets	*B$ Millions*	2,305.0	2,185.3	2,055.5	3,372.0	2,197.8
Employment*	*Number*	1,391	1,393	1,389	1027	914
Average Annual Salaries*	*B$*	44,390	44,746	43,571	41,047	36,544
Operating Costs / Total Expenditure	*%*	97.1	97.0	97.0	90.4	98.7
External Insurers & Intermediaries	**Number**	**30**	**29**	**33**	**33**	**32**
Credit Unions (Active)						
Number of Unions	**Number**	**10**	**10**	**10**	**10**	**10**
Total Assets	*B$ Millions*	395.5	420.8	450.9	476.0	482.3
Employment	*Number*	162	165	182	183	190
Average Annual Salaries	*B$*	37,383	33,352	30,473	31,525	29,816
Total Expenditure	*B$ Millions*	28.26	29.25	31.04	31.58	29.00
Operating Costs / Total Expenditures		54.2	53.1	56.7	60.8	60.6
Bahamas International Securities Exchange (BISX)						
Securities Listed	**Number**	**53**	**53**	**49**	**44**	**47**
Shares Traded	*Thousands*	5,401	5,132	8,520	28,853	5,558
Market Capitalization	*B$ Billions*	4.44	3.27	5.40	5.53	8.76

Sources:

Bahamas International Securities Exchange (BISX), Credit Unions,

Securities Commission of The Bahamas and Insurance Commission of The Bahamas.

Notes:

*2015-2018 data is based on Central Bank estimates and surveys. 2019-2020 based on survey and includes bonus & commissions.