

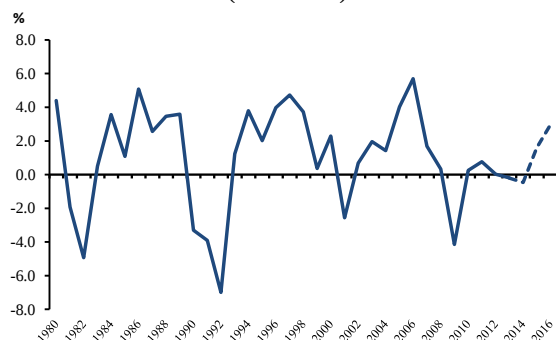


Press Release December 2013

Analysis of Barbados' Current Economic Performance

Compared with previous economic downturns, the Barbados economy has performed appreciably better during the current economic recession. Between 2008, when the current crisis hit, and 2013, the economy contracted by 3 percent in total. In the 1981-82 recession the decline was 7 percent, and in 1990-93 it was as much as 14 percent. What is more, the current weakness in the international economy, and the poor performances of countries where Barbados earns foreign exchange, are without precedent since World War II. Barbados has mitigated the impact of the global recession on output and employment because of the country's competitive strengths in the international market, and because fiscal policy has been used effectively to sustain foreign exchange reserves and protect the value of the Barbados dollar in terms of US dollars.

Figure 1 – Actual and Projected Real GDP Growth (1980-2016)



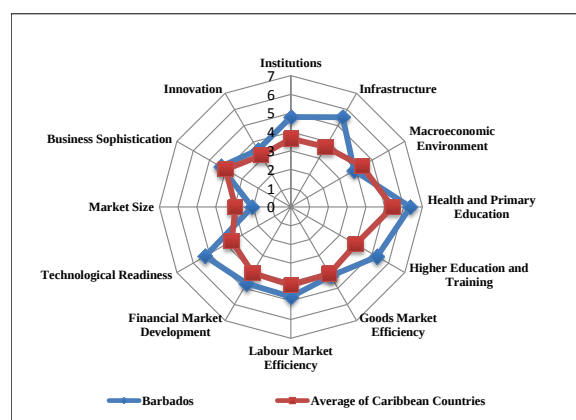
Source: Central Bank of Barbados

Competitiveness

Barbados ranks highest among Caribbean countries in the 2013-14 Global Competitiveness Report, at number 47 in the world. Barbados outperforms Caribbean and Latin American

countries in terms of its infrastructure, institutions, health, education, labour market efficiency, financial market development and technological readiness. It is on par with its peers with respect to goods market efficiency, business sophistication and innovation.

Figure 2 – Competitiveness Indicators



Source: Global Competitiveness Report 2013-14

At the outset of 2013, Barbados' tourism prices and the prices of its other internationally traded goods and services were lower than they were in 2008, relative to the prices of our Caribbean competitors. However, although Barbados has remained competitive on price, there has been some decline in our share of the Caribbean market. Therefore, initiatives to promote investment, increase productivity, improve the quality of the product, and to enrich the tourist experience, are the focus of the tourism development strategy.

Growth

The resilience of the Barbados economy to date, and the expected recovery in GDP growth, are driven by private investment that improves the quality of Barbados' internationally traded services, renews our products, and extends our product offerings. A slump in private foreign investment inflows was the major reason behind the decline in foreign exchange reserves in 2013.

Reserves declined by \$301 million, and net foreign capital inflows were \$188 million lower, at about \$499 million. At December 31, foreign exchange reserves were the equivalent of 15 weeks of imports of goods and services.

Figure 3 - International Reserves (BDS \$M)
(2002-2013)



Source: Central Bank of Barbados

There was a small contraction in Barbados' real GDP in 2013, estimated about 0.2 percent. Value added in tourism fell by 1 percent and construction declined by 12 percent. Non-sugar agricultural output rose 11 percent and business & other services increased 2 percent.

Figure 4 – Long-Stay and Cruise Passenger Arrivals
(January to November)

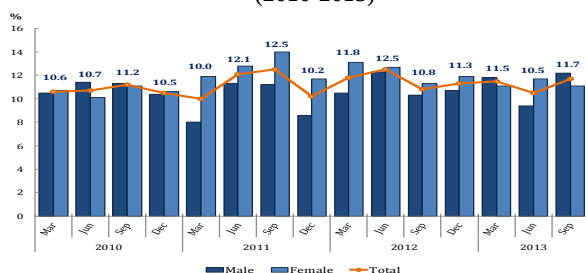
MAJOR MARKETS	2012	2013*	Actual Change	% Change
U.S.A	118,803	108,447	(10,356)	(8.7)
Canada	63,588	59,689	(3,899)	(6.1)
U.K	156,569	151,791	(4,778)	(3.1)
Germany	7,628	8,705	1,077	14.1
Other Europe	23,606	25,916	2,310	9.8
Trinidad & Tobago	35,446	29,622	(5,824)	(16.4)
Other Caricom	54,414	51,804	(2,610)	(4.8)
Other Countries	24,075	20,945	(3,130)	(13.0)
TOTAL LONG-STAY	484,129	456,919	(27,210)	(5.6)
CRUISE PASSENGERS	442,446	490,999	48,553	11.0
CRUISE CALLS	296	310	14	4.7

Source: Barbados Statistical Service

Employment, Wages and Labour Productivity

The unemployment rate edged up to an average of 11.2 percent for the first nine months of 2013.

Figure 5 – Quarterly Unemployment Rate
(2010-2013)



Source: Barbados Statistical Service

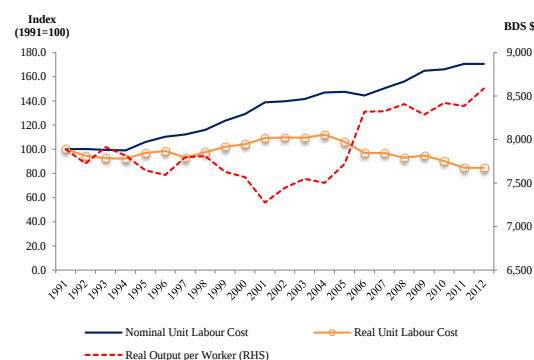
Unit labour costs have risen steadily in nominal terms since the mid-1990s, even though there has been a significant improvement in real output per worker since 2000. However, when the impact of inflation is taken into account, real unit labour costs have declined by 9 percent since 2008.

Figure 6 – Real Output per Worker, Nominal & Real Unit Labour Cost (1991 -2012)

Source: Central Bank of Barbados

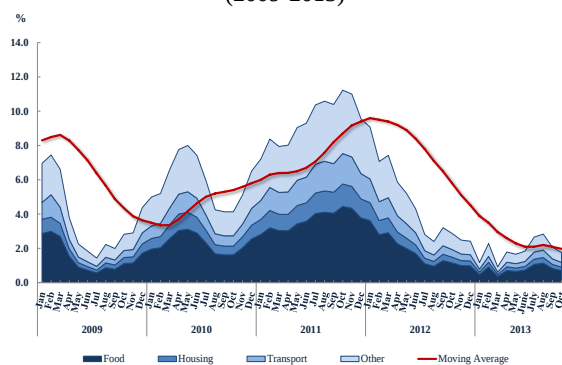
Inflation

The inflation rate fell to 2 percent at the end of October 2013, reflecting primarily the decline in the international prices of food and fuel. These



two items account for 40 percent of the retail price index.

Figure 7 – Inflation Rate
(2009-2013)



Source: Barbados Statistical Service

Fiscal Policy

Fiscal policy is used to manage total spending in the economy so that import demand does not exceed foreign currency inflows. This external balance has been maintained from the onset of the international economic recession, up to April 2013, when foreign reserves stood at the equivalent of 19 weeks of imports. The decline in reserves from May onwards signalled the need for fiscal contraction measures, which were

outlined in the 18-month fiscal adjustment package introduced in August. In Government's first quarterly report on the impact of the fiscal budget, on December 13th, it was announced that job cuts equivalent to about 11 percent of the public sector workforce would be necessary to achieve the fiscal target. The deficit for the current fiscal year is projected at 8 percent of GDP, and for the year ending March 2015 the targeted deficit is 5 percent.

Debt Management

Government has managed its debt exposures so as to limit the proportion of foreign currency earnings that is devoted to foreign debt service. The ratio of foreign debt service to foreign currency earnings is 7 percent, and it is projected to remain below 10 percent for the next 5 years and beyond. The projected external debt service is also inclusive of the \$300 million Credit Suisse loan disbursed in December 2013. The net indebtedness of public sector institutions to private firms and individuals at home and abroad is equivalent to 67 percent of GDP. The interest payments on Government debt accounted for 24 percent of Government revenue in fiscal year 2012/13.

The Outlook

Growth Forecasts and Assumptions

The Central Bank's economic growth forecast is based principally on expectations for the tourism sector and on major investment projects planned by the private sector and by Government. The forecast takes into account the strategies for strengthening the competitiveness of the foreign exchange sectors, and the potential growth of alternative energy production. Growth is expected to accelerate slowly from less than one percent in 2014 to about 1.6 percent in 2015 and between 2 percent and 3 percent thereafter.

Investment Outlook

A conservative estimate of known private sector investments that may be expected to materialise over the next three years is approximately \$2.2 billion. In addition, public sector investments and guarantees for infrastructure and participation in foreign-exchange related projects are likely to be about \$740 million over that period.

Figure 8 – Medium-Term Projected Project Inflows (BDS \$M)

	2014 - 2017
Financial Inflows	\$2,978
Public-Private Projects:	\$740
Sandals Resort	\$220
Sugar Point Cruise Pier	\$380
Pier-head Marina	\$140
Other Private Projects	\$2,238

Source: Central Bank of Barbados

Tourism Strategy

Strategies for the growth of tourism include improving the visitor experience through sports, cultural, and environmental activities. Barbados already has excellent golf, polo, yachting and motor sport facilities and arrangements, and they are being extended and upgraded. Crop Over has been a major success for cultural tourism, and the development of activities surrounding the Historic Bridgetown and Garrison World Heritage site and elsewhere, all increase Barbados' potential appeal to visitors.

International Business and Financial Services Strategy (IBFS)

Government's proposed strategy for the IBFS sector is under discussion with stakeholders. It includes a revised charter for the delivery of government services, an extension of the double taxation agreement network, skills enhancement, the exploitation of new markets, and intensified use of information and communications technology and green energy.

The Emerging Foreign Exchange Sectors

During 2013 there was an acceleration in the installation of solar power generation by homes and businesses, with a target of 15 megawatts of power to be generated from this source in 5 years. Other alternative energy sources in planning or under consideration include wind power, waste-to-energy and biomass. Rum production should continue to expand, as producers are expected to benefit from a strong external demand for the high-value aged product over the medium term.

Government Investment and Incentives

The priorities for Government investment are upgrades of air and seaports and public utilities, acting as catalysts for major tourism projects, leading the way in the use of alternative energy, and continuing to improve facilities for health, education and housing. A revised consumer

charter for the delivery of public services is being prepared, and it will be monitored in an effort to improve the efficiency of Government bureaucracy. Financing facilities available to entrepreneurs are under on-going review to provide affordable long-term finance for enterprises.

Note: Details of growth, employment, inflation, debt, public finance, and the balance of payments may be found in Tables 1-6, attached. Supporting analysis for this statement is presented in the following working papers to be issued shortly by the Central Bank of Barbados: "Competitiveness in Barbados: A look at the foreign exchange earning sectors", "Recessions in Barbados since 1975", "Public debt in Barbados".

Table 1 - Economic Indicators

	2006	2007	2008	2009	2010	2011	2012(p)	2013(p)
Real growth (%)	5.7	1.7	0.3	(4.1)	0.3	0.8	0.0	(0.2)
Tradables (%)	8.1	(7.3)	(0.3)	(4.3)	(0.4)	(2.5)	(4.3)	(0.3)
Non-tradables (%)	5.0	4.5	0.5	(4.1)	0.4	1.7	1.2	(0.2)
Inflation (%)	7.3	4.0	8.1	3.6	5.8	9.4	4.5	2.0*
Avg. Unemployment (%)	8.7	7.4	8.1	10.0	10.8	11.2	11.6	11.2*
Foreign Exchange Reserves (\$ Million)	1,194.1	1,549.9	1,359.3	1,488.7	1,435.2	1,423.3	1,457.3	1,156.1
Foreign Exchange Reserves cover, weeks	16.0	20.9	16.4	21.1	18.4	17.7	19.5	15.1
BOP current account (as % GDP)	(8.2)	(5.4)	(10.7)	(6.8)	(5.8)	(13.7)	(10.1)	(11.8)
Net capital inflows	709.9	1,020.2	546.1	731.7	512.1	767.6	686.9	498.5
Debt (as % of GDP), Gross	49.4	51.4	53.3	63.2	72.0	77.8	85.7	97.8
Debt (as % of GDP), Net	29.6	27.2	28.0	38.5	47.4	49.8	56.5	66.7
External debt service to BoP current account credits	6.6	5.3	5.7	7.0	16.7	6.6	6.9	6.6
Treasury-bill rate	6.6	4.9	4.8	3.4	3.4	3.4	3.6	3.2
US treasury-bill rate	4.9	3.0	0.0	0.1	0.1	0.0	0.1	0.1
Average deposit rate	5.1	4.8	4.1	2.7	2.7	2.7	2.6	2.5
Average loan rate	10.9	10.6	10.3	9.7	9.4	9.3	8.3	8.1
Fiscal Year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12(p)	2012/13(p)	
Fiscal deficit (% of GDP)	(2.7)	(3.4)	(4.9)	(7.2)	(8.7)	(4.4)	(8.0)	
Fiscal Current Account (as % of GDP)	1.4	(0.2)	(2.1)	(5.4)	(7.3)	(3.1)	(6.6)	
Revenue (as % of GDP)	25.7	27.2	28.3	26.2	26.1	29.2	27.7	
Expenditure (as % of GDP)	28.3	30.6	33.4	32.9	34.8	33.7	35.8	
Government interest payments (as % of revenue)	14.7	13.9	15.3	18.8	22.3	20.7	23.9	

(p) - Provisional

(e) - Estimate

n.a.- Not Available

*Inflation Data to October

*Unemployment Data to September

Table 2 - GDP by Sector and Activity (BDS \$Millions, Constant Prices)

	Avg contribution to GDP (%)	2006	2007	2008	2009	2010	2011	2012(p)	2013(e)
Tradables	19.9	261.0	242.0	241.3	230.9	230.0	224.1	214.5	213.9
Tourism	11.7	150.0	130.7	131.4	126.9	131.4	131.2	126.3	124.7
Manufacturing	4.2	62.8	62.1	60.7	53.3	51.0	48.3	45.0	45.3
Of which:									
<i>Rum & Other beverages</i>	<i>0.6</i>	<i>8.7</i>	<i>8.6</i>	<i>8.4</i>	<i>7.4</i>	<i>7.1</i>	<i>6.7</i>	<i>6.3</i>	<i>6.3</i>
<i>Food</i>	<i>1.1</i>	<i>16.0</i>	<i>15.8</i>	<i>15.4</i>	<i>13.5</i>	<i>13.0</i>	<i>12.3</i>	<i>11.4</i>	<i>11.5</i>
<i>Furniture</i>	<i>0.1</i>	<i>1.7</i>	<i>1.7</i>	<i>1.7</i>	<i>1.5</i>	<i>1.4</i>	<i>1.3</i>	<i>1.2</i>	<i>1.2</i>
<i>Chemicals</i>	<i>0.3</i>	<i>3.8</i>	<i>3.7</i>	<i>3.7</i>	<i>3.2</i>	<i>3.1</i>	<i>2.9</i>	<i>2.7</i>	<i>2.7</i>
<i>Electronics</i>	<i>0.3</i>	<i>4.7</i>	<i>4.7</i>	<i>4.6</i>	<i>4.0</i>	<i>3.9</i>	<i>3.7</i>	<i>3.4</i>	<i>3.4</i>
<i>All Other Manufacturing</i>	<i>1.9</i>	<i>27.8</i>	<i>27.5</i>	<i>26.9</i>	<i>23.6</i>	<i>22.6</i>	<i>21.4</i>	<i>20.0</i>	<i>20.1</i>
Sugar	1.0	14.5	14.6	13.6	13.7	11.0	10.1	10.5	7.5
Other agriculture	3.0	33.7	34.7	35.7	37.0	36.6	34.5	32.6	36.4
Nontradables	80.1	828.1	865.4	869.8	834.2	837.9	851.9	861.8	860.3
Mining & Quarrying	0.4	9.7	9.1	8.4	5.3	5.8	5.0	4.6	3.9
Electricity, Gas & Water	4.1	42.6	43.1	43.0	43.3	44.2	43.5	43.7	43.6
Construction	6.6	98.9	98.9	93.8	76.7	69.4	76.7	71.0	62.3
Distribution	22.2	230.9	246.0	244.0	232.5	237.9	238.0	239.1	241.1
Transport, etc	9.8	96.4	102.2	105.3	102.4	102.6	103.3	105.5	107.0
Finance and Other Services	20.3	197.1	208.9	213.5	207.4	209.6	212.0	218.4	222.0
Government	16.7	152.6	157.1	161.8	166.7	168.4	173.4	179.4	180.4
Total		1,089.1	1,107.5	1,111.2	1,065.1	1,067.8	1,076.0	1,076.2	1,074.2
Nominal GDP		8,628.1	9,026.5	9,083.1	9,185.3	8,867.4	8,737.8	8,449.7	8,427.2
Real growth rates		5.7	1.7	0.3	(4.1)	0.3	0.8	0.0	(0.2)
Tradables	8.1	(7.3)	(0.3)	(4.3)	(0.4)	(2.5)	(4.3)	(0.3)	(0.3)
Nontradables	5.0	4.5	0.5	(4.1)	0.4	1.7	1.2	(0.2)	(0.2)

(p) - Provisional

(e) - Estimate

Table 3 - Balance of Payments (BDS \$Millions)

	2006	2007	2008	2009	2010	2011	2012(p)	2013(e)
<u>Current Account</u>	(703.5)	(490.6)	(972.5)	(620.2)	(517.4)	(1,193.3)	(851.2)	(992.1)
Inflows	4,732.9	5,228.8	5,200.5	4,511.6	4,803.6	4,763.8	4,667.2	4,490.8
Travel	2,113.3	2,377.3	2,388.7	2,136.0	2,068.1	1,926.5	1,814.2	1,823.3
Other services	1,093.5	1,070.1	1,234.6	911.7	1,179.4	561.6	625.7	600.2
Rum	44.3	67.5	66.0	57.2	66.8	70.9	82.4	81.4*
Other beverages	9.8	11.8	15.3	14.2	13.1	36.8	10.3	12.9*
Food	46.2	55.5	62.8	50.7	50.0	55.9	63.6	60.3*
Sugar	44.6	46.2	45.1	40.7	22.5	21.2	22.3	15.0
Chemicals	60.2	74.6	66.8	58.2	124.0	140.7	128.3	88.3
Electronics	37.6	21.6	23.8	16.3	19.4	21.5	17.1	11.0
Crude	46.3	52.3	49.6	37.4	47.2	73.6	64.0	48.6*
Other manufacturing	190.8	173.0	183.6	173.3	171.2	162.4	152.9	146.6*
Income	222.1	396.5	357.1	514.5	472.4	279.3	275.6	266.1
Transfers	283.8	331.6	241.1	187.1	222.3	297.5	297.2	283.6
Outflows	6,937.1	7,704.5	7,683.9	6,725.7	6,941.4	5,957.1	5,518.4	5,482.9
Imports (BOP basis)	3,204.9	3,399.2	3,622.0	2,732.1	3,013.2	3,456.3	3,167.8	3,123.6
Services	1,383.9	1,333.1	1,472.0	1,358.2	1,465.3	1,139.3	1,068.2	1,068.3
Income	734.9	772.1	849.0	894.6	696.2	974.4	925.7	930.0
Transfers	118.1	219.5	187.5	146.5	144.5	387.1	356.6	361.1
<u>Capital & Financial Account</u>	709.9	1,020.2	546.1	731.7	512.1	767.6	686.9	498.5
Long term	1,301.1	1,190.3	830.4	925.1	741.5	776.1	679.1	492.9
Public	66.9	28.9	(122.5)	408.6	306.6	91.3	27.4	227.4
Private	1,234.2	1,161.4	952.9	516.5	435.0	684.8	651.7	265.5
Short term	(591.2)	(170.0)	(284.2)	(193.4)	(229.5)	(8.5)	7.9	5.6
<u>Errors & Omissions</u>	76.3	28.8	(70.9)	(32.5)	198.4	936.6	538.6	292.2
<u>Overall balance</u>	82.8	558.4	(497.8)	78.8	194.4	510.9	374.4	(201.4)
<u>Change in FXR: - increase/+decrease</u>	(82.8)	(558.4)	497.8	(78.8)	(194.4)	(510.9)	(374.4)	201.4
IMF Basis: - increase/+ decrease	42.3	(355.8)	190.6	(129.3)	53.5	11.8	(33.9)	310.2
Commercial banks: + increase/- decrease	125.1	202.6	(307.2)	(50.5)	247.9	522.7	340.5	99.8

^(p) - Provisional

* - Data to November

Table 4 - Summary of Government Operations (BDS\$ Millions)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12(p)	2012/13(p)	Apr-Dec 2012(p)	Apr-Dec 2013(p)
Total Revenue	2,161.5	2236.5	2471.6	2,597.4	2,323.7	2,278.9	2,550.5	2,341.8	1,706.3	1,558.6
Tax Revenue	2,042.3	2,130.8	2,337.0	2,396.1	2,156.3	2,168.4	2,345.7	2,193.7	1,597.6	1,487.9
<i>Direct Taxes</i>	<i>859.2</i>	<i>976.5</i>	<i>1050.0</i>	<i>1,038.4</i>	<i>951.1</i>	<i>883.8</i>	<i>925.1</i>	<i>847.5</i>	<i>601.5</i>	<i>511.0</i>
Personal	306.3	306.7	334.9	375.5	386.3	395.4	420.1	346.7	246.5	206.8
Corporate	359.9	445.5	521.0	447.2	372.8	294.2	286.1	261.4	167.4	99.9
Property	137.4	151.4	103.1	120.9	113.3	118.2	133.9	138.6	112.4	115.9
Other	55.6	73.0	91.0	94.8	78.7	76.0	85.0	100.8	75.2	88.4
<i>Indirect Taxes</i>	<i>1,183.1</i>	<i>1,154.2</i>	<i>1,286.9</i>	<i>1,357.7</i>	<i>1,205.2</i>	<i>1,284.5</i>	<i>1,420.6</i>	<i>1,346.2</i>	<i>996.1</i>	<i>976.9</i>
Stamp	22.0	26.9	22.0	18.7	11.3	11.8	11.7	11.3	8.5	6.7
VAT	682.7	674.8	789.6	800.1	703.8	764.8	939.9	878.2	650.7	621.8
Excises	172.2	145.3	164.3	165.1	147.0	146.0	161.0	149.5	100.6	103.3
Import Duties	180.5	186.5	197.3	219.4	178.4	191.3	195.6	198.2	148.7	152.1
Other	125.8	120.8	113.7	154.4	164.7	170.6	112.3	108.9	87.6	93.0
Non Tax Revenue & Grants	119.2	105.7	134.7	201.3	167.4	110.5	204.8	148.2	108.7	70.7
Non Tax Revenue	97.0	87.7	111.4	180.8	111.1	84.1	165.0	95.2	70.5	66.8
Grants	0.0	0.0	4.0	7.5	35.6	3.8	14.3	33.0	24.3	(0.0)
Post Office - Revenue	22.2	18.0	19.3	13.0	20.7	22.6	25.5	20.0	13.9	4.0
Current Expenditure	2,001.6	2,112.4	2,492.2	2,786.7	2,809.9	2,919.8	2,816.7	2,895.2	2,073.0	2,063.3
Wages & Salaries	687.5	698.6	809.0	832.7	861.1	860.2	867.4	870.4	650.0	656.4
Goods & Services	233.2	263.3	361.9	420.6	417.3	378.4	399.5	391.8	252.6	228.7
Interest	298.9	329.9	343.6	396.4	435.8	507.2	527.4	559.5	453.1	470.3
External	105.7	119.2	140.5	148.9	153.7	147.4	148.4	146.6	96.4	91.4
Domestic	193.1	210.7	202.2	247.5	282.1	359.8	379.0	412.9	356.7	379.0
Transfers & Subsidies	782.1	820.6	977.7	1,137.0	1,095.7	1,174.0	1,022.4	1,073.5	717.3	707.8
<i>Grants to Individuals</i>					<i>278.4</i>	<i>304.0</i>	<i>299.0</i>	<i>314.0</i>	<i>209.8</i>	<i>216.1</i>
<i>Grants to Public Institutions</i>					<i>757.1</i>	<i>808.4</i>	<i>659.3</i>	<i>692.3</i>	<i>462.6</i>	<i>452.4</i>
<i>Subscriptions and Contributions</i>					<i>23.3</i>	<i>25.9</i>	<i>24.1</i>	<i>25.3</i>	<i>16.9</i>	<i>13.1</i>
<i>Non-Profit Agencies</i>					<i>37.0</i>	<i>35.7</i>	<i>39.9</i>	<i>41.9</i>	<i>28.0</i>	<i>26.2</i>
Capital Expenditure & Net Lending	340.1	357.6	286.3	253.7	178.3	134.7	118.2	122.8	82.9	92.4
Capital Expenditure	252.4	249.5	238.2	232.0	167.7	108.3	91.8	96.4	54.9	65.4
Net Lending	87.8	108.1	48.1	21.7	10.6	26.4	26.4	26.4	28.0	27.0
Fiscal Balance	(180.3)	(233.5)	(306.9)	(443.0)	(664.5)	(775.6)	(384.4)	(676.2)	(449.6)	(597.0)
Fiscal Balance to GDP (%)	(2.3)	(2.7)	(3.4)	(4.9)	(7.2)	(8.7)	(4.4)	(8.0)		

Sources: Accountant General, Ministry of Finance and Central Bank of Barbados

^(p) Provisional

Table 5-Public Debt Outstanding (BDS\$ Millions)

	2006	2007	2008	2009	2010	2011	2012	2013(p)
Government								
External Debt (of which)	1,915.8	1,993.4	1,978.2	2,395.3	2,718.7	2,764.5	2,649.9	2,870.3
SDRs (+)	0.1	0.2	0.1	170.2	171.6	184.0	176.2	171.5
PPP-Prison	288.0	288.0	285.2	282.2	278.8	275.1	271.0	266.5
Domestic Debt (of which)	2,343.2	2,644.5	2,861.8	3,405.3	3,661.4	4,029.1	4,588.6	5,375.6
PPP-Justice Improvement	43.4	73.3	103.0	127.1	132.3	132.9	0.0	0.0
PPP-Coast Guard	61.9	59.5	52.6	47.9	43.3	38.7	34.1	29.5
PPP-ABC Highway	0.0	135.0	135.0	161.7	155.2	148.6	142.1	135.6
Debentures	1,261.4	1,418.2	1,585.4	1,820.1	1,962.7	2,279.7	2,566.3	2,563.1
T-bills	488.7	569.6	529.4	735.2	890.8	953.4	1238.0	2042.0
Gross General Government Debt*	4,259.0	4,637.9	4,840.0	5,800.6	6,380.1	6,793.6	7,238.4	8,245.9
General Government Assets (-)	1,269.0	1,486.1	1,644.4	1,633.0	1,643.2	1,747.4	1,631.9	1,493.5
Government Assets	701.3	765.2	825.9	872.3	968.0	1,074.2	1,009.1	1,014.9
Deposits	212.2	213.7	219.4	239.8	351.3	363.2	198.8	207.2
Central bank	112.8	97.0	61.2	90.2	233.1	263.6	79.3	78.7
Commercial Banks	99.4	116.7	158.3	149.6	118.3	99.6	119.5	128.5
Sinking Fund	489.1	551.6	606.5	632.5	613.3	711.0	810.3	807.7
Sinking funds for dom. debt	329.6	355.3	371.3	409.2	425.6	470.9	537.0	524.3
Sinking funds for fgn. debt	159.5	196.3	235.2	223.3	187.7	240.1	273.3	283.4
Other General Government Assets	567.8	720.8	818.5	760.8	675.1	673.2	622.8	478.6
Liquid NIS Assets	400.9	505.8	525.7	468.0	382.4	380.5	330.1	185.9
Cash	16.3	16.1	13.1	10.8	10.8	10.8	10.8	10.8
Due From Banks and Fin. Inst**	384.6	489.7	512.6	457.2	371.6	369.7	319.3	175.1
External Assets of NIS	166.9	215.0	266.9	292.7	292.7	292.7	292.7	292.7
Net Government Debt	2,990.0	3,151.8	3,195.5	4,167.6	4,736.9	5,046.2	5,606.5	6,752.3
Public Sector								
Gross General Government Debt	4,259.0	4,637.9	4,840.0	5,800.6	6,380.1	6,793.6	7,238.4	8,245.9
Debt Held By Central Bank (-)	0.6	20.5	0.0	101.8	95.0	223.7	236.9	490.0
T-Bills	0.0	19.9	0.0	26.8	20.0	148.7	161.9	415.0
Debentures	0.6	0.6	0.0	75.0	75.0	75.0	75.0	75.0
Public Corporations' Debt (+)	871.3	975.6	1,000.7	1,295.0	1,377.6	1,395.0	1,295.0	1,352.4
Domestic	734.5	762.0	796.6	1,067.2	1,062.8	1,090.1	1,000.1	1,057.8
External	136.7	213.5	204.0	227.8	314.8	304.8	294.9	294.6
Gross Public Sector Debt	5,129.7	5,592.9	5,840.6	6,993.8	7,662.7	7,964.9	8,296.5	9,108.2
Net General Government Debt	2,990.0	3,151.8	3,195.5	4,167.6	4,736.9	5,046.2	5,606.5	6,752.3
Other Central Bank Assets (-)	1,141.2	1,464.2	1,442.4	1,535.9	1,513.3	1,551.2	1,676.9	1,778.4
Foreign Assets	888.5	1,244.9	1,045.2	1,126.1	1,150.2	1,174.1	1,260.6	1,034.8
Other Foreign Assets	888.5	1,244.7	1,045.0	955.9	978.5	990.1	1,084.4	602.3
SDRs	0.1	0.2	0.1	170.2	171.6	184.0	176.2	171.5
Domestic Assets	252.7	219.3	397.2	409.8	363.1	377.1	416.3	743.6
Public Corporations' Deposits	162.5	185.4	213.8	289.4	306.6	311.7	209.6	211.9
Net Public Sector Debt	2,556.9	2,457.2	2,540.0	3,535.5	4,199.7	4,354.5	4,778.0	5,624.4
Gross Government Debt/GDP	49.4	51.4	53.3	63.2	72.0	77.8	85.7	97.8
Gross Public Sector Debt/GDP	59.5	62.0	64.3	76.1	86.4	91.2	98.2	108.1
Net Government Debt/GDP	34.7	34.9	35.2	45.4	53.4	57.8	66.4	80.1
Net Public Sector Debt/GDP	29.6	27.2	28.0	38.5	47.4	49.8	56.5	66.7
 Memo Debt Held by NIS (-)	 1,253.9	 1,404.0	 1,673.0	 1,867.3	 2,213.8	 2,380.9	 2,602.0	 2,877.7
T-Bills	125.4	120.8	128.5	122.8	185.3	270.9	303.6	241.8
Debentures	1,128.5	1,283.3	1,544.6	1,744.5	2,028.5	2,110.0	2,298.4	2,635.9

* Equivalent to Central Government debt based on the IMF's Public Sector Statistics: Guide for Compilers and Users

** Due to data unavailability, "Due From Banks and Fin. Inst" from 2010 to 2013 are based on Central Bank estimates

(p) - Provisional

Table 6-Government Financing (BDS\$ Millions)

	Jun 2012	Sep 2012	Dec 2012	Apr-Dec 2012	Jun 2013	Sep 2013	Dec 2013	Apr-Dec 2013
Total Financing	129.8	144.5	175.3	449.6	209.2	225.4	162.4	597.0
Domestic Financing (net)	164.0	171.1	99.7	434.8	243.5	217.4	(124.7)	336.2
Central Bank	35.3	109.9	82.2	227.4	89.6	170.4	58.0	318.0
Commercial Banks	66.0	92.7	14.9	173.6	143.5	123.9	(191.3)	76.2
National Insurance Scheme	77.7	63.7	43.7	185.1	12.7	122.3	(8.5)	126.6
Private Non-Bank	87.9	69.8	74.6	232.3	74.2	11.0	39.5	124.7
Other	(103.0)	(165.0)	(115.6)	(383.6)	(76.6)	(210.2)	(22.5)	(309.3)
Foreign Financing (net)	(34.2)	(26.6)	75.5	14.8	(34.3)	8.0	287.1	260.8
Capital Markets	0.0	0.0	0.0	0.0	0.0	0.0	293.4	293.4
Project Funds	2.4	4.0	22.4	28.7	2.9	45.0	28.6	76.6
Policy Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation	(36.6)	(30.5)	(35.6)	(102.8)	(37.2)	(37.0)	(34.9)	(109.1)
Divestment	0.0	0.0	88.8	88.8	0.0	0.0	0.0	0.0

Table 7-Key Financial Stability Indicators for the Domestic Commercial Banking System

	2006	2007	2008	2009	2010	2011	2012	2013 ^(a)
Solvency Indicators								
Capital Adequacy Ratio (CAR)	14.6	16.4	16.1	17.5	17.1	19.3	21.0	21.8
Liquidity Indicators[#]								
Loan to deposit ratio (%)	65.0	56.1	63.7	65.5	67.2	70.9	73.6	71.1
Demand deposits to total deposits (%)	35.9	36.4	34.8	36.6	35.2	32.1	29.3	30.5
Domestic demand deposits to total domestic deposits	31.4	32.9	32.1	27.9	27.1	27.6	26.8	27.9
Liquid assets, % of total assets	7.7	9.5	9.0	10.8	11.5	12.0	14.6	17.7
Credit Risk Indicators								
Total assets (growth rate, %)	10.9	23.5	4.2	(5.6)	(1.5)	(4.7)	11.5	1.3
Domestic assets (growth rate, %)	9.8	11.4	9.2	2.3	0.6	(6.1)	6.1*	3.7
Loans and advances (growth rate, %)	18.7	4.9	12.4	0.9	1.0	(0.5)	(1.1)	(2.2)
Non-performing loans ratio (%)	4.5	2.9	3.4	7.9	10.8	11.1	12.9	11.3
Substandard loans/ Total loans (%)	3.5	2.1	2.5	6.7	9.1	8.7	9.9	7.7
Doubtful loans/ Total loans (%)	0.3	0.3	0.4	0.4	1.0	1.8	2.3	3.0
Loss Loans / Total loans	0.7	0.5	0.6	0.9	0.7	0.6	0.8	0.6
Provisions to non-performing loans (%)	34.1	52.0	63.4	41.5	37.4	32.9	33.9	44.4
Foreign Exchange Risk Indicators								
Deposits in Foreign Exchange (% of total deposits)	14.2	18.9	14.8	13.3	12.9	6.6	4.9	3.8
Profitability Indicators								
Return on Equity (ROE)	19.5	19.3	17.3	15.6	11.3	6.1	4.9	3.4
Return on Assets (ROA)	2.0	1.8	1.4	1.6	1.1	1.0	1.1	1.0

* Reflects removal of financial consolidation.

[#] Includes foreign components unless otherwise stated.

^a Data to September

January 14, 2014