CENTRAL BANK OF TRINIDAD & TOBAGO

ANNUAL REPORT 2012

50 YEARS OF INDEPENDENCE
TRINIDAD & TOBAGO

The design for the 2012 Annual Report boldly captures the red, white and black colours of our national flag, along with vibrant imagery representing our twin-island's heritage, cultural diversity and growth and development over the past 50 years.

TRINIDAD AND TOBAGO…
CELEBRATING OUR GOLDEN JUBILEE
1962 - 2012

After midnight on August 31, 1962, at the front of the Red House in Port of Spain, our nation's new red, white and black flag was hoisted, while our National Anthem, *Forged from the Love of Liberty,* was played. It was the beginning of a new dawn and a proud moment in our nation's history. Trinidad and Tobago had achieved Independence.

After 50 years of growth fueled by investments in liquefied gas, petrochemicals and steel, the country has earned the reputation as an excellent investment site for international businesses and has one of the highest per capita incomes in Latin America and the Caribbean.

50 YEARS OF INDEPENDENCE
TRINIDAD & TOBAGO

Our twin-island state is a multicultural melting pot boasting many ethnic communities and resulting in a unique diversity within this medley of cultures.

Trinidad and Tobago also has a growing tourism sector due to its spectacular beaches, flora and fauna, sunshine, food and wide range of terrestrial eco systems.

Still basking in the pride of achieving 50 years of Independence, Trinidad and Tobago forges ahead into the future with a sense of confidence and patriotism.

OUR PURPOSE

The primary purpose of the Bank is the promotion of monetary, credit and exchange conditions most favourable to the development of the economy of Trinidad and Tobago.

Photo Credits
Lloyd Pierre
Dovelyn Richmond

Print Credit
Print on Demand (POD)
using CMYK and White Ink

LETTER OF TRANSMITTAL

CENTRAL BANK OF
TRINIDAD & TOBAGO

Jwala Rambarran
Governor

December 31, 2012

Senator the Honourable Larry Howai
Minister of Finance
Ministry of Finance
Eric Williams Finance Building
Independence Square
PORT OF SPAIN

REF: CB-G: 198/12

Dear Minister Howai

In accordance with Section 53(1) of the Central Bank Act Chap.79:02, I enclose herewith the Report of the Central Bank of Trinidad and Tobago for the year ended September 30, 2012, together with a copy of the Annual Audited Statement of Accounts certified by the Auditors.

Yours sincerely,

Jwala Rambarran

TABLE OF CONTENTS

GOVERNOR'S FOREWORD

"The Bank finalized and adopted its Strategic Plan for 2012-14 encompassing nine key objectives aimed at enhancing financial stability and maintaining public confidence and trust in the financial system, while improving arrangements for governance, transparency and accountability."

Economic activity for most of 2012 was sluggish. The energy sector was affected by the combination of maturing oil fields which depressed petroleum output and intensified maintenance operations which restrained the production of natural gas and spilled over to petrochemicals. Heightened exploration activity, good bidder interest in competing for drilling rights, and the announcement of new oil and gas finds helped to boost optimism in the sector, although actual production would take some time to materialize. In the last quarter of 2011, reduced working hours due to a curfew in several areas of the country, and a labour strike at a major cement plant in early 2012, put a damper on the pace of recovery of the non-energy sector.

Available statistics put the unemployment rate at 5.4 per cent in the first quarter of 2012, with employment partly boosted by temporary public sector jobs. Underlying inflationary pressures were relatively subdued, although volatile food prices led to a jump in headline inflation in early 2012. The Central Bank maintained its accommodative policy stance, reducing the repo rate to its lowest level of 2.75 per cent in September to help foster conditions conducive to a recovery. In response, commercial banks lowered their loan rates, and credit to the private sector has been increasing, albeit at an unspectacular pace. The extremely low interest rate environment has had the effect of discouraging savings in the form of time deposits and

Mr. Jwala Rambarran
Chairman of the Board and Governor

increasing the appetite for other investment instruments, including government bonds, stocks, mutual funds and real assets.

For most of the year, financial institutions were highly liquid and commercial bank excess reserves at the Central Bank reached fresh peaks. Given existing limits on government securities for open market operations, the Bank has utilized interest bearing special deposits, and indirectly the sales of foreign exchange, to manage liquidity levels. In 2013 an increase in the ceilings on government securities would facilitate the conduct of monetary policy.

The banking system remained robust throughout the year, despite the sluggish economic environment. Although operating profits declined, many of the other indicators improved. Commercial banks took aggressive measures to improve credit quality as they rationalized past due loans and improved provisioning. In the context of high levels of liquidity and the low interest rates on their assets, banks lowered deposit rates and made efforts to reduce operating costs. Updated stress tests of the commercial banks showed that the system as a whole retained a high degree of resilience to adverse shocks, although credit concentration should be carefully monitored.

Over the year, the Bank intensified its financial literacy campaigns and, through the Office of the Financial Services Ombudsman (OFSO), the mediation and resolution of complaints from individuals and small businesses against participating financial institutions. The National Financial Literacy Programme (NFLP) delivered over 300 seminars on budgeting, savings, investing, managing risks, entrepreneurship, home ownership and retirement planning to around 5,000 persons throughout Trinidad and Tobago. Meanwhile the OFSO conducted over 50 sessions with various stakeholders, and established closer ties with the Regulatory and Consumer Protection Agencies in order to respond better to the complaints of consumers. In the upcoming year, surveys will be conducted to determine how to further improve the services of the NFLP and OFSO.

The Bank finalized and adopted its Strategic Plan for 2012-14 encompassing nine key objectives aimed at enhancing financial stability and maintaining public confidence and trust in the financial system, while improving arrangements for governance, transparency and accountability. Particular emphasis will be placed on strengthening public communication, widening the dissemination of statistics and economic analyses, and consumer protection – areas that were raised in the consultations with stakeholders when the Plan was being drawn up.

For 2013 the Bank anticipates that, barring a major external shock and assuming that the public investment programme is executed as anticipated, there should be a firming of the domestic economic recovery. The Bank will aim to foster the monetary and financial conditions conducive to such a recovery while keeping careful track of inflationary developments. The Bank will also continue to work on strengthening the legislative framework to assure that financial stability is maintained.

Governor
Jwala Rambarran

Mr. Jwala Rambarran was appointed Governor effective July 17, 2012. *He succeeded Mr. Ewart Williams who completed his second five-year term as Governor on July 16, 2012.*

BOARD OF DIRECTORS

Executive Directors

Mr. Jwala Rambarran
Date of Appointment:
July 17, 2012
Chairman of the Board
Governor

Ms. Joan John
Executive Director
Deputy Governor

Dr. Shelton Nicholls
Executive Director
Deputy Governor

Non-Executive Directors

Mr. Carlyle Greaves
Date of Appointment:
April 11, 2009

Dr. Roger Hosein
Date of Appointment:
November 19, 2010

Mr. Larry Lalla
Date of Appointment:
November 19, 2010

Mr. Neil Mohammed
Date of Appointment:
May 18, 2011

Mr. Steve Seetahal
Date of Appointment:
May 18, 2011

Mr. Joseph George
Date of Appointment:
May 18, 2011

BOARD OF DIRECTORS

Non-Executive Directors (continued)

Ms. Beverly Khan
Date of Appointment:
May 18, 2011

Mr. Inshan Ramsaroop
Date of Appointment:
May 18, 2011

Mr. Mahindra Sunil Maharaj
Date of Appointment:
May 18, 2011

Mr. Wayne Tikah
Date of Appointment:
May 18, 2011

Ms. Chintamani Sookoo
Date of Appointment:
May 18, 2011

SENIOR MANAGEMENT

Mr. Jwala Rambarran
Chairman of the Board
Governor

Ms. Joan John
Executive Director
Deputy Governor

Dr. Shelton Nicholls
Executive Director
Deputy Governor

Mr. Carl Hiralal
Inspector of Financial Institutions

Mr. Alister Noel
Senior Manager,
Operations

Dr. Alvin Hilaire
Chief Economist and
Director of Research

Mrs. Nicole Crooks
Senior Manager,
Human Resources and Corporate Services

Ms. Marie Borely
Chief Financial Officer

Mr. Patrick Solomon
Senior Manager,
Risk Management and Corporate Governance

Ms. Wendy Ho Sing
Deputy Inspector,
Financial Institutions

MANAGERS

Ms. Suzanne Roach
Financial Services Ombudsman,
Office of the Financial Services Ombudsman

Ms. Wendy D'Arbasie
Manager, Banking Operations
Formerly Manager, Domestic Markets

Mrs. Joycelyn Opadeyi
Manager,
Procurement and Support Services

Mr. Lester Shim
Manager, Domestic Markets
Formerly Manager, Reserve Management

Ms. Nicole Chapman
Manager, Legal and Corporate
Secretariat Services

Ms. Kavita Surat-Singh
Manager,
Banks & Non-Banks

Mrs. Zoraida Dookie
Manager,
Information Technology Services

Mrs. Heather Huggins
Manager,
Human Resources

Mrs. Michelle Francis-Pantor
Manager,
Policy and Market Conduct

Mr. Richard Ross
Chief Engineer,
Facilities Services

Mrs. Jacinta Sohun
Insurance Advisor,
Financial Institutions Supervision Department

Mrs. Denise Rodriguez-Archie
Manager,
Internal Audit

ASSISTANT MANAGERS

Mr. Adrian Saunders
Assistant Manager,
National Financial Literacy Programme

Mr. Garnett Samuel
Assistant Manager,
Research

Mrs. Donna Fyfe
Assistant Manager,
Banks & Non-Banks

Mr. Gaston Harrison
Assistant Manager,
Human Resources

Mrs. Sheriza Hassan-Ali
Assistant Manager,
Information Technology Services

Mr. Naveen Lalla
Assistant Manager,
Insurance & Pensions

Mr. Sherwin Kerr
Security Operations Officer,
Security

Mr. Roland Yorke
Assistant Manager,
Credit Unions, on Secondment to DIC

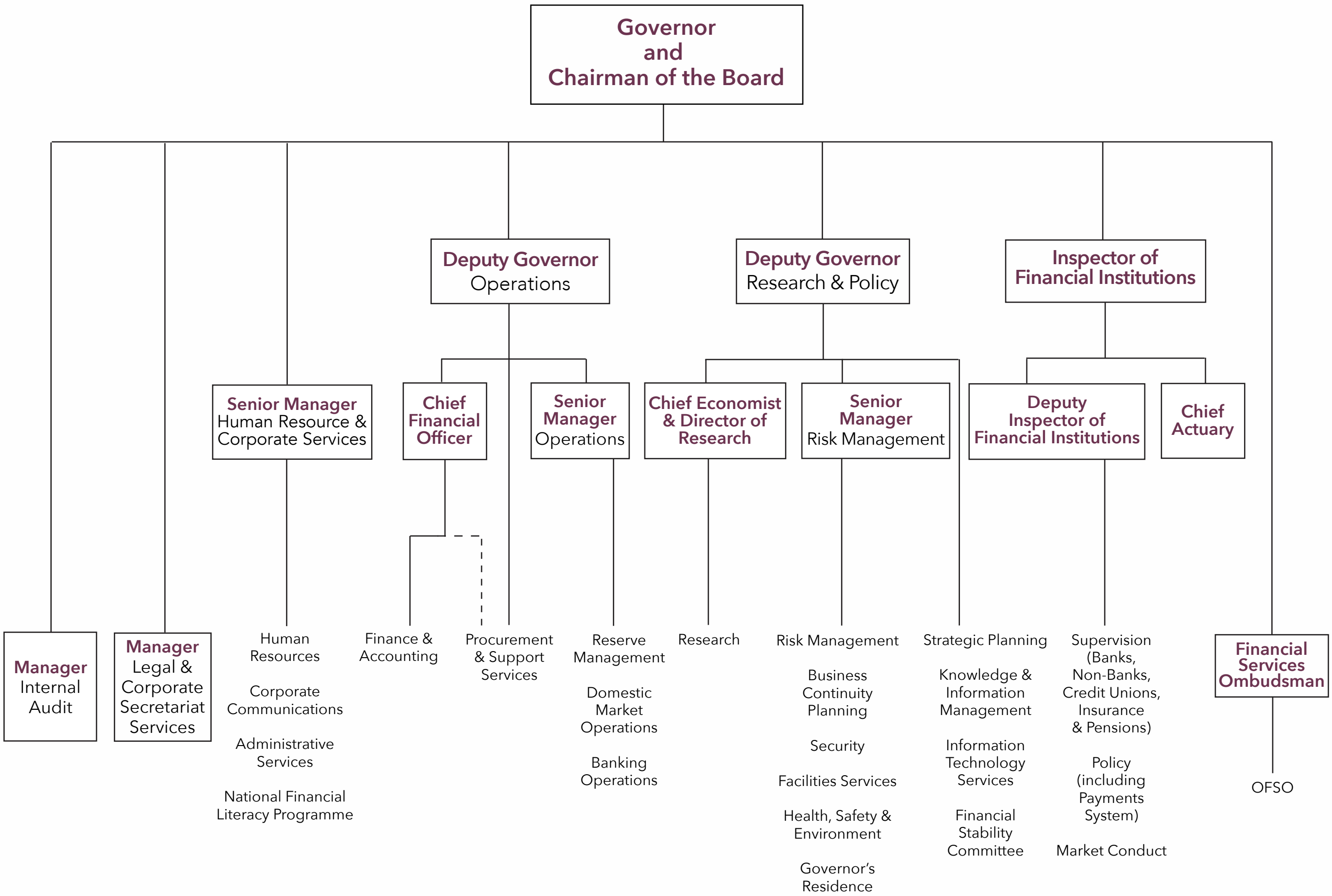
Mr. Christopher Subryan
Assistant Manager,
Finance & Accounting

Dr. Earl Boodoo
Assistant Manager, Research Department,
on secondment to DIC

Ms. Anne Joseph
Assistant Manager,
Payments System

ORGANIZATIONAL STRUCTURE

AS AT SEPTEMBER 2012



REVIEW OF ACTIVITIES
2011-2012

REVIEW OF ACTIVITIES
2011-2012

HIGHLIGHTS

The global economic situation remained very complex in 2011/12, dominated by the sovereign debt crisis in Europe and the spillover to other markets. There were indeed signs of a recovery from the depths of the major financial and economic downturn of 2008/09. However, growth in most developed countries could be described as tepid at best, while the pace of expansion in emerging markets relented. The economic situation in the Caribbean continued to be challenging, particularly for those countries with high debt and limited fiscal space. The Trinidad and Tobago economy also exhibited sluggishness with a contraction in real GDP of around 2 per cent in calendar 2011 and an estimate for marginal growth in 2012. Core inflation meanwhile remained fairly steady at around 2.5 per cent, although volatile food prices pushed headline inflation into the double digits in early 2012. Monetary policy remained in accommodative mode to support a recovery. The highlights of the Central Bank's activities for the financial year 2011/12 included:

- The Bank maintained an accommodative monetary policy stance and reduced its policy rate to the lowest level of 2.75 per cent in September 2012.

- The Bank continued to combine the use of treasury bills, interest-bearing special deposits, and foreign exchange sales to authorized dealers to manage the situation of high financial system liquidity which prevailed throughout most of the year.

- The Central Bank continued work on the resolution of the financial institutions that it took over under emergency control in 2009 – Colonial Life Insurance Company (Trinidad) Limited, Clico Investment Bank, and British American Insurance Company (Trinidad) Limited – assisting with the issue of Government bonds to holders of short-term investment products in the affected companies.

- Good progress was made toward improving the legislative and supervisory framework, including: i) finalization of the Insurance Bill and accompanying draft Regulations; (ii) issue of guidelines for the approval of new or amended insurance policies and new or materially different banking products; (iii) completion of the Policy Proposal Document for an Occupational Pension Plans Bill; and (iv) further advances in discussions with the industry on the draft Credit Union Bill.

- The Bank conducted its first consolidated on-site examination of a large regional banking conglomerate.

- The Bank started administering the Regulations which allow the Central Bank to: (i) recover fees and costs associated with the supervision and regulation of financial institutions; and (ii) levy administrative fines on licensed financial institutions for non-compliance with certain provisions of the Financial Institutions Act, 2008.

- The Bank worked with other agencies in substantially improving the anti-money laundering and combating of the financing of terrorism frameworks for all regulated financial institutions.

- A policy document incorporating proposals for a regulatory approach to e-money and other payments related activity was finalized in September 2012.

- The Office of the Financial Services Ombudsman delivered over 50 sessions to various stakeholders, and established closer ties with the Regulatory and Consumer Protection Agencies in order to respond better to the complaints of consumers.

- As part of Trinidad and Tobago's 50th anniversary celebration as an independent nation, the Bank introduced a $50 note into circulation on August 02, 2012. Special features of the new olive green banknote include a square-shaped hologram and raised tactile bars to facilitate recognition by the visually impaired.

- Staff from Research and other Departments participated in moving the country's debt statistics to the Commonwealth based debt management system (CS-DRMS), which would substantially improve the country's debt monitoring and analysis capability.

- The Knowledge and Information Management Department initiated a digitization project to capture and store critical information needed for legal, administrative, historical and business continuity purposes.

- The National Financial Literacy Programme (NFLP) delivered over 300 financial literacy seminars on money scripts, budgeting, savings, investing, managing risks, entrepreneurship, home ownership and retirement planning to approximately 5,000 persons throughout Trinidad and Tobago.

- The Bank adopted a Strategic Plan for 2012-14 encompassing nine key objectives aimed at enhancing financial stability and maintaining public confidence and trust in the financial system, while improving arrangements for governance, transparency and accountability.

ECONOMIC DEVELOPMENTS

OVERVIEW

International Economic Environment

The European debt crisis and the slowdown in activity in emerging markets continued to drag on the global recovery anticipated in 2012. The list of countries affected by the Euro Area debt crisis has now expanded to include Cyprus and Spain. In the absence of a credible solution, this is likely to affect business confidence and investments in the wider region. Weak external demand, lower investment spending and some contagion from debt-affected advanced economies have slowed activity in emerging market economies as well.

In the United States, there were small but steady signs of economic improvement. Unemployment fell below 8 per cent in September, growth averaged 2 per cent over the first three quarters of 2012 and export sales have increased. There has also been a pickup in the housing markets. These developments mask the risk of failure to reach consensus concerning the approaching "fiscal cliff", and the severity of any attendant spending cuts.

Economic expansion has slowed in emerging market economies. India and China have both adapted to slower conditions via monetary easing. China is facing weaker external demand while economic activity has lost momentum in India as the authorities seek to address inflationary pressures. Notwithstanding creditable performances by several economies in Latin America including Mexico, Brazil and Argentina, economic expansion in emerging markets have slowed.

Domestic Economy

Activity in the domestic economy was lacklustre during 2012. In the energy sector, coordinated maintenance activities at several plants caused a sharp dip in production and exports of crude oil, natural gas and petrochemicals. Conversely, there were encouraging signs of a revival in non-energy sectors including distribution and finance, insurance and real estate. Construction activity declined in the wake of a 90-day strike at Trinidad Cement Limited, which effectively halted the local production of cement and directly affected manufacturing. The shortfall in cement availability was made up to some extent by a rise in imports of the product, while cement prices spiked, pulling up building costs.

Headline inflation crossed into the double digits in early 2012 on the back of volatile food prices. In particular, fruit and vegetable prices surged, reflecting the impact of adverse local weather conditions, while import prices of some other food items also increased. Core inflation remained relatively steady throughout the financial year at around 2½ to 3 per cent, indicative of the generally subdued underlying demand pressures. Preliminary estimates point to a narrowing of the external current account surplus in 2012, due principally to a decline in energy export volumes and an increase in reinvested earnings of energy companies.

Monetary Policy

Amid evidence of generally anemic economic activity and subdued core inflation, the Central Bank maintained its accommodative monetary policy stance throughout 2012. The repo rate was cut by 25 basis points in September to its lowest level of 2.75 per cent; the previous rate cut was in July 2011 to 3.00 per cent. Consistent with the general situation in financial markets abroad, domestic interest rates have been at record low levels throughout 2011/12. Indications are that the latest repo rate reduction, combined with the relatively high level of liquidity in the financial system, has led to a further softening of commercial bank loan and deposit rates. Monetary statistics show that the low interest setting has discouraged the placement of longer term time deposits, with bank account holders opting for more liquid demand deposits.

The relatively easy monetary conditions ushered in a modest increase in credit to the private sector. Over the period October 2011 to September 2012, the 12 month increase in credit from the consolidated financial system (banks and non-banks) to the private sector averaged 2.7 per cent. The most robust increase was seen in real estate mortgages (8.8 per cent), while credit to businesses (4.0 per cent) and consumers (2.1 per cent) grew at a more moderate pace.

The Bank took several measures to manage financial system liquidity. For the most part, maturing treasury bills and notes that were available for open market operations were rolled over, given that the legal ceilings had been reached. In addition, the Bank requested commercial banks to place remunerated special deposits at the Central Bank; by September 2012 these deposits amounted to $5.99 billion. Sales of foreign exchange by the Central Bank to authorized dealers also helped to indirectly mop up some domestic currency liquidity. Given the relatively high levels of liquidity which prevailed for most of the year, banks were not inclined to borrow from the Central Bank on the repo market. Interbank borrowing was also quite limited.

In an effort to improve disclosure and transparency in the mortgage market, the Central Bank launched the Residential Real Estate Mortgage Market Guideline in September 2011. A new benchmark interest rate – the Mortgage Market Reference Rate (MMRR) – was introduced to govern the pricing of residential mortgage loans granted by commercial banks and their non-bank affiliates. Since its introduction, the MMRR has trended downward and reached 3.00 per cent as at September 2012. Weighted average lending rates on new residential mortgages fell to 6.40 per cent in September 2012 from 6.68 per cent in December 2011, while rates on existing mortgages fell to 7.07 per cent from 7.45 per cent over the same period.

FINANCIAL SYSTEM STABILITY AND SURVEILLANCE

Overall, the financial system in Trinidad and Tobago remained very stable in 2011/12 despite the sluggish macroeconomic environment characterized by relatively slow credit demand, high liquidity and record low interest rates.

Modest improvements in credit quality and strict cost containment enabled the commercial banking sector to maintain profit margins. The overall banking system remained well capitalized with a capital adequacy ratio in excess of the statutory requirement of 8 percent. There was a noticeable contraction in the balance sheets of non-bank financial institutions which have progressively been consolidating their operations around non-lending activities. Meanwhile, insurance companies have also shown some resilience, as evidenced by steady growth in their activities over the course of the financial year and some strengthening of technical reserves in both the life and non-life subsectors.

Most financial institutions reported lower levels of delinquent loan facilities following aggressive steps to contain sliding credit quality experienced throughout calendar 2011. The steps taken resulted in a decline in the ratio of non-performing loans to gross loans. After peaking at 7.5 per cent in September 2011, the ratio trended downward, reaching 5.4 per cent by September 2012.

Supervision of Licensed and Registered Financial Institutions

In an effort to deepen its regulatory oversight, the Central Bank implemented a consolidated supervision framework in early 2012. Under this framework, all licensees or financial holding companies with subsidiaries are required to report their capital adequacy and credit exposures on a consolidated basis. In addition, the Bank conducted consolidated onsite examinations in five jurisdictions within the region with a focus on credit risk.

The life insurance sector continues to recover with both traditional and non-traditional segments experiencing growth in net business. Life insurance companies made considerable efforts during 2012 to reduce their exposures to related parties in the context of more intense focus by the Central Bank on this potential area of vulnerability. The companies' asset quality also improved with the majority of investments being held in Government securities and high grade corporate bonds. Nonetheless, the low interest rate environment has had a sobering impact on their profitability and capital adequacy ratios. In this regard, companies have had to increase their actuarial reserves to compensate for the lower than expected investment income in their actuarial valuations.

Non-life insurers continue to cede more property business to international reinsurers in an effort to reduce their direct risk exposure to the property sector. The motor insurance industry, particularly companies specializing in third-party insurance, remained challenged by inadequate claims reserving. This prompted the Central Bank to issue Compliance Directions to various companies during 2011/2012, which resulted in marked increases in the level of technical reserves held by these companies. The Central Bank continues to receive technical assistance from the International Monetary Fund (IMF) and has been working with all stakeholders toward adoption of an internationally recognized methodology to test the adequacy of reserves. Good progress is already being made in implementing this new methodology. The Bank also helped insurers improve their corporate governance, since poor oversight practices is often the biggest threat to the stability of the institution.

Enforcement Actions

During the year, the Central Bank continued work on the resolution of the financial institutions that it assumed control of in 2009 – Colonial Life Insurance Company (Trinidad) Limited (CLICO), CLICO Investment Bank (CIB), and British American Insurance Company (Trinidad) Limited (BAT). The Central Bank assisted with the issue of Government Bonds to holders of Short Term Investment Products (STIPs) in the affected companies. On October 17, 2011, the Deposit Insurance Corporation (DIC) was appointed by the Court as liquidator of CIB for the winding up of the institution. The Bank retains certain powers to ensure the orderly transition for liquidation.

Strengthening the Legislative and Regulatory Framework

The Central Bank continued to make significant progress with respect to the modernization of the legislative and supervisory infrastructure governing regulated persons. During the year, the Central Bank focused its efforts on:-

(i) Finalizing the Insurance Bill and accompanying draft Regulations for passage through the Parliamentary process;

(ii) Issuing guidelines for the approval of new or amended insurance policies and new or materially different banking products;

(iii) Finalizing the Policy Proposal Document for an Occupational Pension Plans Bill;

(iv) Advancing discussions on the draft Credit Union Bill;

(v) Conducting the Central Bank's first consolidated on-site examination of a large regional banking conglomerate;

(vi) Administering the implementation of the Central Bank (Payment of Supervisory Fees and Charges) Regulations, 2011;

(vii) Developing consequential amendments to the Financial Institutions Act, 2008 and the Central Bank (Supervisory Fees and Charges) Regulations, 2012; and

(viii) Improving the anti-money laundering (AML) and combating of the financing of terrorism (CFT) frameworks for all regulated financial institutions.

Following discussions with stakeholders, the draft Insurance Bill was modified to remove the statutory fund for locally incorporated insurance companies in light of the introduction of a risk-based capital regime and the increase in minimum statutory capital requirements. Amendments were also proposed to the Financial Institutions Act 2008, the Central Bank (Supervisory Fees and Charges) Regulations, 2011 and the Proceeds of Crime Act 2000 for consistency with the Insurance Bill.

During the year, the Central Bank consulted extensively on the draft Credit Union Bill. The review of this Bill, in conjunction with the Office of the Chief Parliamentary Counsel, is targeted for completion by end February 2013.

The Central Bank also held industry consultations on the Policy Proposal Document (PPD) for the establishment of an Occupational Pension Plans Bill in December 2011, and completed revisions to the PPD during the financial year. The final PPD will be issued to the industry by end December 2012.

In May 2012, the Central Bank issued two Guidelines relating to product approvals: the *Guidelines for the Approval of New or Significantly Amended Insurance Policies under the Insurance Act Chapter 84:01* and the *Guideline for the Notification of New or Materially Different Banking Products or Services under the Financial Institutions Act, 2008.* The Guidelines specify the process to be followed and the supporting documentation to be provided to the Central Bank where a company wishes to offer a new or significantly different product.

Regarding AML/ CFT initiatives, the Central Bank in collaboration with relevant Government agencies, participated in the Financial Action Task Force (FATF)/Americas Regional Review Group (ARRG) on-site visit to Trinidad and Tobago in August 2012. The purpose of the visit was to test this country's implementation of the relevant legislation and procedures to address strategic deficiencies identified by the FATF. Trinidad and Tobago was subsequently removed from the list of countries with strategic AML/CFT deficiencies in October 2012.

In last year's Annual Report, the Central Bank noted that the *Central Bank (Payment of Supervisory Fees and Charges) Regulations, 2011* and the *Financial Institutions Order, 2011* had been enacted. The former allows the Central Bank to recover fees and costs associated with the supervision and regulation of financial institutions while under the latter, the Central Bank can levy administrative fines on licensed financial institutions for non-compliance with certain provisions in the Financial Institutions Act, 2008. As one component of this framework, in July 2012 the Bank specified its initial service standards – the timeframes for the completion of key supervisory processes. The Central Bank issued invoices for and recovered 60 percent of its budgeted supervisory costs for 2011/12 - the proportion of budgeted supervision cost covered by financial institutions is carded to rise progressively to 100 per cent by 2014. For the financial year ended September 30, 2012, the Central Bank levied $375,000 in administrative fines on two financial institutions.

PAYMENTS SYSTEM OVERSIGHT

The performance of domestic payment systems such as the Real Time Gross Settlement (RTGS) system, the Automated Clearing House (ACH), cheques clearings and the local debit card system (LINX), remained steady in 2011/12. All systems were found to be broadly observant of the ten Core Principles for Systemically Important Payment Systems as applied by the Central Bank in the execution of its oversight function. There has been a general improvement noted in the documentation and implementation of risk management strategies of payment system operators, with greater attention being paid to managing liquidity and settlement risk.

The work which began in 2011 with regard to the preparation of a regulatory approach to e-money was broadened in scope to incorporate a wider policy perspective of all payments-related activity. A policy document was developed, shared with key stakeholders and finalized in September 2012. In promoting greater use of electronic payments, the Central Bank collaborated with the Payments System Council, National Financial Literacy Programme and Ministry of Legal Affairs in various outreach activities. With respect to the use of electronic payment methods by the Government, major advances were made on the preparation of legislation to amend the Exchequer and Audit Act, Chap. 69:01.

During 2011/12, there continued to be a steady increase in the use of electronic payments which rose by an average of 7 per cent over volumes transacted during the previous financial year. At the same time, there was a 5 per cent rise in the use of cheques.

STRATEGIC PLAN 2012-2014

In preparing the Strategic Plan for 2012-14, the Bank obtained feedback from a wide cross-section of external stakeholders, and consulted with the Management Team and staff via Departmental cluster and focus group meetings. The Bank also benefitted from the viewpoints of other central banks through a special Workshop on Strategic Planning for Central Banks held in June 2011 in collaboration with the Centre for Latin American Monetary Studies (CEMLA), and a consultant from the Deutsche Bundesbank.

The feedback from stakeholders on areas that the Bank could emphasize, included engaging in more direct, clear and simple communication with the public; wider dissemination of economic statistics and analyses; assuring the prompt enforcement of financial regulations especially in the non-bank sector; and promoting greater consumer protection to avoid exploitation of consumers by financial institutions.

The theme of the 2012-14 Plan is "Enhancing Financial Stability, Governance and Efficiency" and it incorporates nine strategic projects: (1) the promotion of monetary stability; (2) enhancement of financial stability; (3) upgrade of the payments system; (4) promotion of capital market development; (5) enhancement of the governance framework; (6) improving operational efficiency; (7) strengthening research and information management; (8) enhancing public education and communication; and (9) developing people and competencies. The implementation of the Plan is to be kept under continuous scrutiny by the Bank's Strategic Planning Committee which is largely made up of members of the Senior Management Team.

OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN (OFSO)

The OFSO continued to focus on its core responsibilities of mediation and resolution of complaints from individuals and small businesses against participating financial institutions while expanding on its financial education role. The Office celebrated its 9th Anniversary with its traditional breakfast meeting and for the first time, carried it live by the media (i95.5FM and Heritage Radio 101.7FM) and streamed online at **www.ofso.org.tt** and **www.central-bank.org.tt.**

The OFSO delivered over 50 sessions to several stakeholders, which encouraged consumers to become more responsible and vocal about financial matters. Over 800 persons contacted the Office during the financial year. Some of the key initiatives were as follows:

- Particular attention was paid to the more vulnerable groups such as individuals who live with dementia, diminished capacity, mental health illness and senior citizens.
- An intensification of dialogue with member financial institutions in order to strengthen operational procedures.
- Heightened visibility in the media to build greater awareness of the role and functions of the OFSO.
- Establishment of closer ties with the Regulatory and Consumer Protection Agencies in order to respond better to the complaints of consumers.

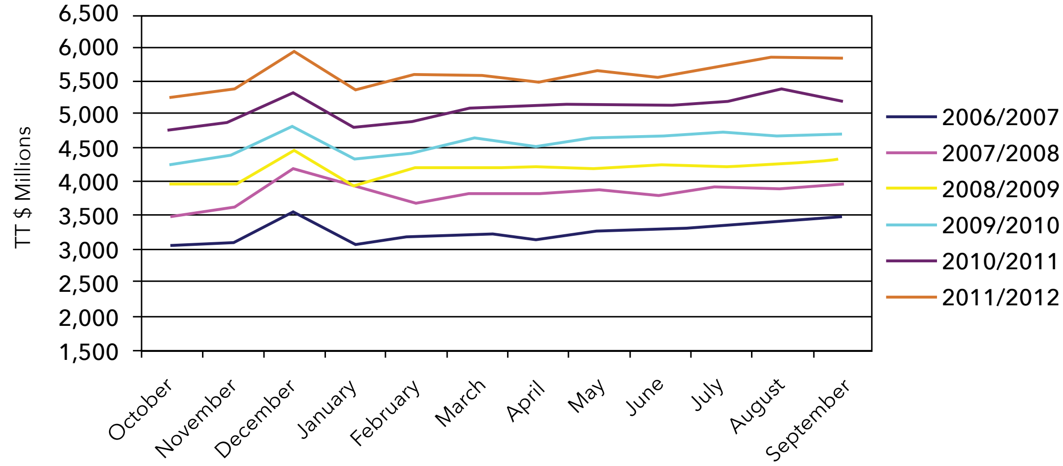
The Office also introduced two new operational procedures: (i) mandatory recording of walk-in, telephone or email/letters complaints to the Office (Enquiries); (ii) insurance companies were requested to forward to the OFSO quarterly statistics on complaints recorded and handled by their organizations from 2008 to the present. The latter initiative sought to bring the data received from the Insurance Sector in line with what is already being received from the banking community.

BANKING OPERATIONS

Re-Issue of $50 Note

As part of Trinidad and Tobago's 50th anniversary celebration as an independent nation, the Bank introduced a $50 note into circulation on August 02, 2012. A previous $50 note had been withdrawn from circulation in 1979 following a breach of security in the shipping arrangements. The new olive green $50 banknote maintains the look and feel of the other denominations in the suite of notes but has some special features. These include a square-shaped hologram and raised tactile bars to facilitate recognition by the visually impaired. The note also has images of the "Red-Capped Cardinal" whose colours are those of the national flag, as well as the "Red House", the seat of the country's parliament. A limited number of the $50 notes carry the words "Celebrating 50 years of Independence, 1962-2012" around the Coat of Arms located in the middle of the front face to commemorate the 50th Anniversary of Independence of Trinidad and Tobago. Between August 02 and September 30, 2012, 856,000 of the new $50 notes were put into circulation.

CHART I
CURRENCY CIRCULATION



Currency in Circulation

In 2011/2012, currency in circulation grew by 12.2 per cent (to $5,826 million) compared with an increase of 9.81 per cent over the previous year. However, currency in circulation as a percentage of GDP fell to 3.61 per cent in 2011/12 from 5.33 in the previous year, reflecting the progressive increase in the use of non-cash forms of payments for transactions. The seasonal trends remained unchanged with currency use peaking during the months of November and December, the period leading up to the Christmas season (Chart I).

The amount of new notes issued by the Bank grew to 80 million, 17 per cent more than the 68.3 million issued in the previous year. This increase compared to a growth of 5 per cent in the previous year and reflected the low level of re-issues. The total number of notes re-issued decreased by 26.8 per cent from that of the previous year, a combined effect of a decline in the number and poorer quality of notes redeemed by the commercial banks. The $1 denomination continued to represent the largest portion of all notes in circulation at 45 per cent of total while (with the exception of $50) the $10 note at 5 per cent was the least (Chart II). Chart III shows the relative share of each denomination of coins in circulation at the end of September, 2012.

CHART II
VOLUMES OF NOTES IN CIRCULATION BY DENOMINATION
as at September 30th, 2012

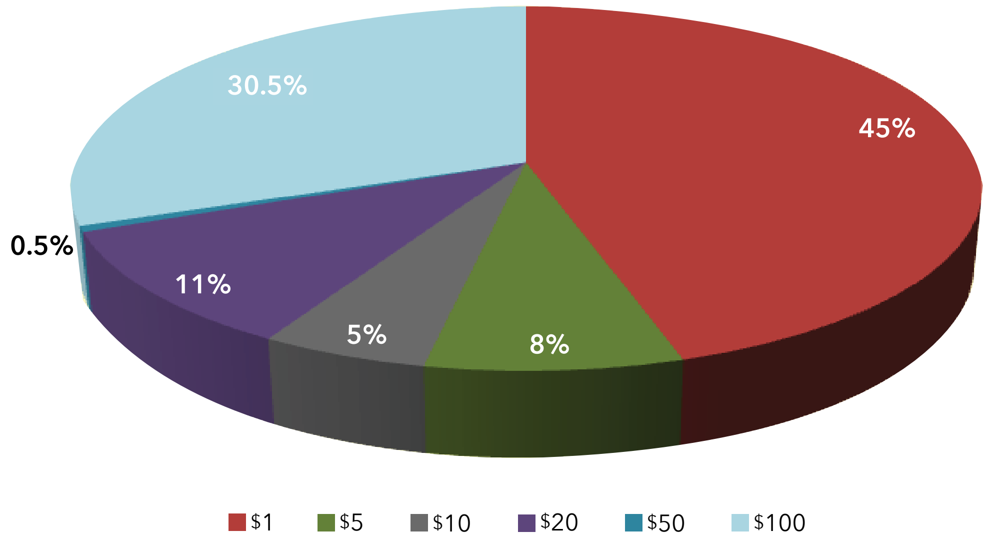
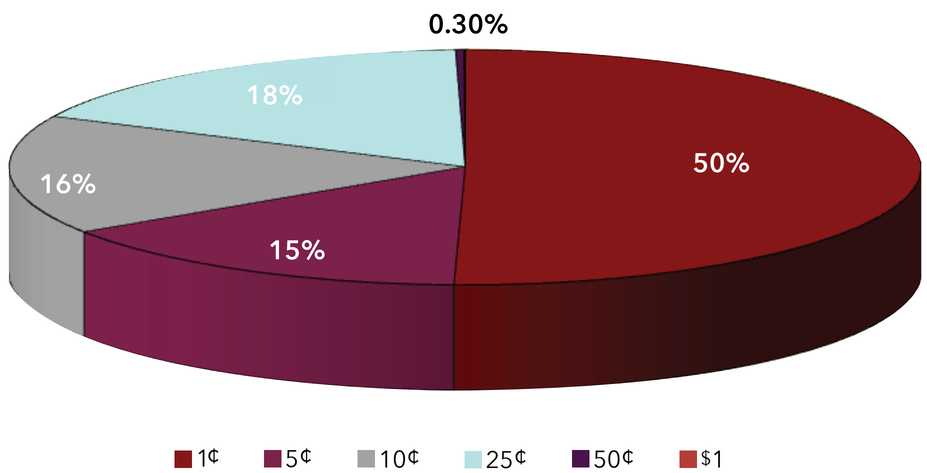


CHART III
VOLUMES OF COINS IN CIRCULATION BY DENOMINATION
as at September 30th, 2012



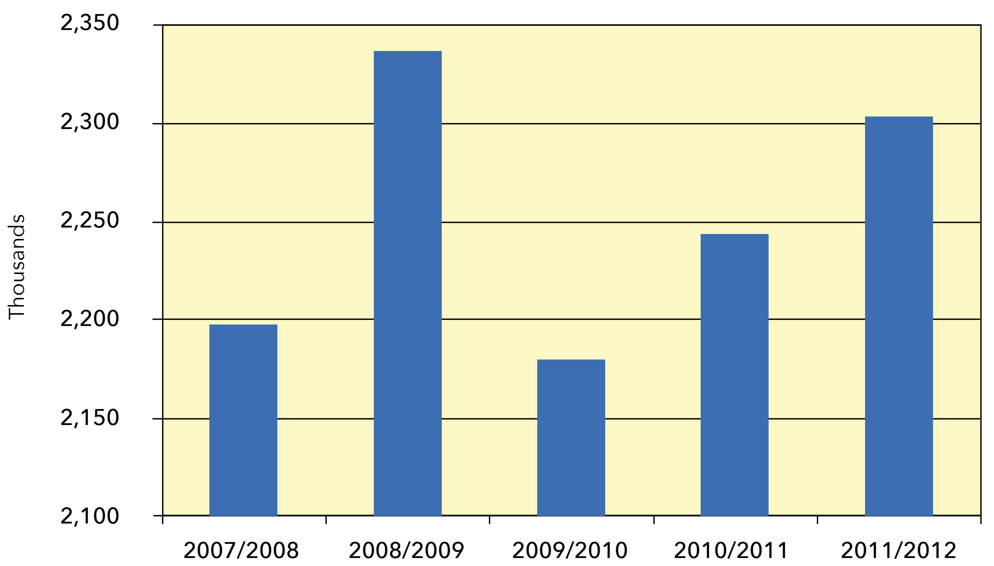
Payment Clearing and Settlement Systems

The Bank continued to be the operator for the Cheque Clearinghouse Facility and the Real Time Gross Settlement (RTGS) System, *safe-tt.*

Cheques

Cheques cleared by the Central Bank during 2011/2012 continued to increase in both volume and value from the previous year. The number of cheques cleared grew by 2.6 per cent to 2.3 million, representing an increase in value of 1.4 per cent to $52.5 billion (Chart IV). The growth trend in the number of cheques in 2011/2012 reflects the continuing use of this payment means by the Government. Legislation to enable the Government to issue payments by electronic means is expected to be enacted in the coming financial year.

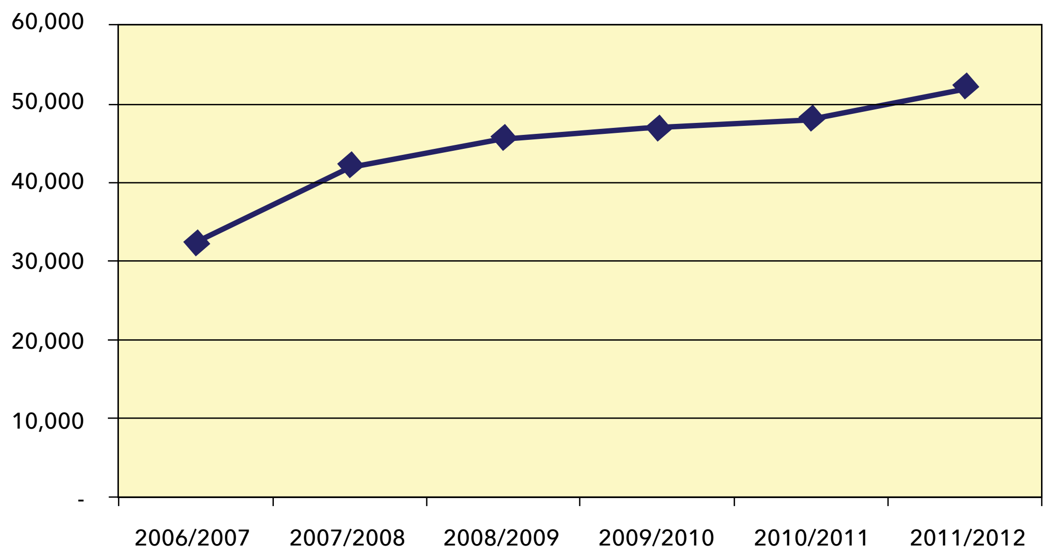
CHART IV
CHEQUES CLEARED BY THE CENTRAL BANK



Real Time Gross Settlement (RTGS)

The RTGS electronic system facilitates the clearance and settlement of large value and time sensitive transactions among the system's participants which are the commercial banks and the Central Bank. A total value of $477 billion, representing a 3 per cent growth rate over the previous financial year was settled over the RTGS in 2011/2012. This value corresponds to 51,954 transactions, an increase of 7 per cent relative to the previous year (Chart V). The RTGS system was upgraded during the year, allowing for enhanced reports by the operator and direct participants, thereby facilitating greater efficiency.

CHART V
RTGS ANNUAL VOLUMES



Financial Institutions Deposits

The statutory cash reserve requirement for commercial banks and non-bank financial institutions remained unchanged at 17 per cent and 9 per cent of their prescribed liabilities, respectively. The required reserve balances held by commercial banks increased by 11 per cent, while that held by non-banks declined by 28 per cent as a result of the changes in the value of their prescribed liabilities.

In addition to the statutory cash reserve, the commercial banks continued to hold a secondary reserve of 2 per cent of their prescribed liabilities. With effect from February 2011, the balances held in the reserves were remunerated at a rate of 0.25 per cent. Previously the rate was linked to the repo rate.

Commercial banks also continued to maintain special deposits at the Central Bank as part of the monetary policy strategy to absorb excess liquidity from the domestic financial system. As at end September 2012, there were four one-year deposits as follows:-

- A deposit of $1.5 billion which matures on December 28, 2012;
- A deposit of $2.0 billion which matures on November 2, 2012;
- A deposit of $1.49 billion which matures on March 15, 2013;
- A deposit of $1 billion which matures on May 3, 2013.

Paying Agent

CARICOM Multilateral Clearings Facility (CMCF)

REGIONAL ARRANGEMENTS

Bank of Guyana Consolidated Debt

The Bank of Guyana debt to Trinidad and Tobago is a consolidation of sums owed to the Central Bank of Trinidad and Tobago and the Government of Trinidad and Tobago from:-

1. The CARICOM Oil Facility (1981-1982);
2. The Balance of Payments Support Facility (1974-1975);
3. Bilateral Settlements Loan (1985).

This consolidated debt was reduced under the IMF's Enhanced Heavily Indebted Poor Countries (HIPC) Initiative to US$56 million in 2005. The debt continues to be serviced on a semi-annual basis and during this financial year 2011/12, an amount of US$4.76 million was received and distributed as follows based on the proportions of the original loan:

Government of the Republic of Trinidad and Tobago - US$0.96M

Central Bank of Trinidad and Tobago - US$3.80M

The principal balance outstanding as at September 30, 2012 is US$41,582,192.80

Grenada Government 7½% Debentures – 82/83

In 1971 and 1973 the Central Bank of Trinidad and Tobago purchased debentures issued by the Government of Grenada with a face value EC$50,000 and EC$250,000 respectively.

The debt was not retired as arranged and the total due as at September 30, 2012 was EC$2.65 million comprising principal of EC$1.05 million and interest of EC$1.60 million.

Banco Latinamericano De Exportaciones S.A. (BLADEX)

The Central Bank of Trinidad and Tobago holds 160,626.50 shares in BLADEX. During the year, dividends totaling US$152,595.19 were received.

DOMESTIC MARKET OPERATIONS

Foreign Exchange Market

For the most part, the characteristics of the foreign exchange market remained unchanged over the year with the same seasonal patterns. The Central Bank continued to intervene in the market to improve supply and smooth potential volatility of the exchange rate. During the year, the Bank modified the arrangements in place for ensuring widespread distribution of foreign exchange. In addition to the established arrangements by which it allocated funds, a multiple price auction system was introduced. Four auctions were held between May and September 2012 for a total of US$375.0 million. This represented 45.2 per cent of the Bank's foreign exchange sales in this period. For the entire financial year, the Bank sold a total of US$1,675.0 million to the authorized dealers, compared to US$1,745.0 in the previous year.

Activity in the market continued to grow in the year ending September 30, 2012. Inflows of foreign exchange to the market from the public increased to US$4,977.3 million, 9.0 per cent higher than the US$4,566.1 million purchased by authorized dealers in 2010/2011. Sales of foreign exchange to the public increased to US$6,690.1 million, up from US$6,169.9 million in 2010/2011, a year-on-year increase of 8.4 per cent.

The exchange rate remained fairly stable throughout the year, with a marginal depreciation (of some 0.27% over the year) recorded against the US dollar. The weighted average selling rate for the United States dollar moved from TT$6.4223 on October 01, 2011 to TT$6.4395 on the last business day of September 2012.

TABLE 1
Activity in the Foreign Exchange Market by Authorized Dealers
(US$M)

Financial Year	Purchases from the Public	Sales to the Public	Central Bank Sales to Authorized Dealers
2009/2010	4,049.5	5,513.3	1,495.0
2010/2011	4,566.1	6,169.9	1,745.0
2011/2012	4,977.2	6,690.1	1,675.0

Source: Central Bank of Trinidad and Tobago

Government Securities Market

The Central Bank continued to be the Agent for the issuance of bonds by the Government and some government agencies. Four bonds were issued during the year. These were all oversubscribed and issued at a premium because of the high level of liquidity and limited alternative investment options. The following table provides relevant details.

Issuer	Terms	Issue Date	Issue Size ($m)	Issue Yield (%)	Oversubscribed Amount ($m)
NIPDEC	15-Year, 6.05%	25 October, 2011	500	5.50	1,286.2
GORTT	20-year, 6.00%	22 November, 2011	1,000 – 1,500	5.40	1,535.2
NIPDEC	13-year, 5.15%	22 August, 2012	339	4.00	1,798.2
GORTT	15-year, 5.20%	27 September, 2012	2,000 – 2,500	4.00	3,141.1

The Bank also maintained the registrar function for the Government and some government agency bonds. While a 'buy-and-hold' approach to investing remains prevalent, there was some pick-up in secondary market trading in Government bonds during the year. A total of $1,033.1 million in bonds changed hands in 84 trades conducted on the Trinidad and Tobago Stock Exchange, compared with a total of 74 transactions with a traded value of $224.5 million in the previous year.

With regard to Treasury Bills and Notes, the ceilings ($15.0 billion for Treasury Bills and $5.0 billion for Treasury Notes) which had been reached since May 2008 remained unchanged. As such, open market operations using these instruments were limited to the rollover or re-issue of maturing bills and notes.

FOREIGN RESERVE MANAGEMENT

As a result of the heightened uncertainty in the international financial markets, the Bank made some amendments to the operating framework for the management of the foreign reserves during the financial year 2011/12. These changes increased the focus on preserving the capital value of the portfolio, with the result that the revised operating framework embodied increased allocations to cash, shorter average maturities on fixed income securities, and higher holdings of US dollar-denominated assets.

As at the end of September 2012, the portfolio's allocation to cash and cash equivalents was 63.3 per cent, up from 47.6 per cent for the corresponding period in 2011. Meanwhile, the remaining 36.7 per cent was held in various fixed income securities, compared with the allocation of 52.4 per cent one year earlier. On account of the ongoing sovereign debt crisis in Europe and the deceleration in global growth, interest rates continued to be at historically low levels. For the financial year 2011/12, the foreign reserves portfolio generated an overall return of 0.52 per cent, compared with 1.32 per cent in the previous year.

During the financial year 2011/ 2012, energy revenue was the major source of inflow to the foreign reserves, totalling approximately US$2.7 billion. This amount was sufficient to meet the major outflows including foreign currency sales to the domestic market (US$1.7 billion), transfers to the Heritage and Stabilization Fund (US$0.2 billion) and Central Government payments (US$0.8 billion). At the end of September 2012, the foreign currency reserves (excluding gold, SDRs, and Government holdings) were valued at US$8.8 billion, relatively unchanged from the value one year earlier.

RESEARCH, INFORMATION AND KNOWLEDGE SERVICES

In 2011/2012, the Research Department's renewed emphasis on conducting primary research and intensifying policy support continued. Economists published several *Working Papers* covering issues such as stress testing of commercial banks, tax buoyancy, the development of Trinidad and Tobago Government bond indices and foreign direct investment. In addition, for the first time a paper was submitted for the consideration for the Rodrigo Gómez Award – a competition for the best research paper by Latin America and Caribbean Central Bank economists organized by the Latin American Centre for Monetary Studies (CEMLA). Staff publications also appeared in the Caribbean Centre for Money and Finance's e-book entitled *"Price Rigidity Formation and Inflation Dynamics In The Caribbean"*, and the *"World Journal of Entrepreneurship, Management and Sustainable Development"*.

Economists made presentations at local and international conferences including the World Association for Sustainable Development Annual Conference, the University of the West Indies' Conference on Revenue Management in Hydrocarbon Economies, CCMF's Annual Monetary Studies Conference and the Sir Shridath Ramphal Center's Caribbean Conference on Trade Policy, Innovation, Governance and Small State Competitiveness. The Wednesday discussion series expanded in scope and audience with Department economists and persons from several external agencies such as the CCMF, IMF, United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC), United Nations Development Program (UNDP) and the University of the West Indies (UWI). Presentations were made on topics such as "Dutch Disease in Trinidad and Tobago: Then and Now";

"Macroeconomic Fluctuations and Banking Performance in a Small Open Economy – The Case of Trinidad and Tobago"; and "Developing Central Government of Trinidad and Tobago Bond Indices".

In the area of policy support, staff provided technical expertise to various internal and external committees. For example, Research staff made several presentations to the Bank's Financial Stability and Monetary Policy Support Committee, and were members of the Trinidad and Tobago Trade in Services Committee and the Prices Council. At the request of the Ministry of Trade, one of the Senior Economists also participated as part of the national technical team at Trinidad and Tobago's Trade Policy Review conducted by the World Trade Organization in Geneva. The Department strengthened links with external researchers by hosting interns from the University of Waterloo, Canada and UWI (Mona Campus), and a visiting Scholar from Auburn University, Montgomery, Alabama. They assisted staff members in various projects during the year.

On the statistical front, in collaboration with the IMF, the Department continued to work on the improvement of the monetary and balance of payments statistics. In particular, a new system for the measuring of remittances was implemented. In addition, Research staff along with personnel from other Departments and the Ministry of Finance, made substantial progress in moving the country's debt statistics to the Commonwealth-based debt management system (CD-DRMS). The move to the new debt management system is expected to be completed in 2013.

In keeping with the Bank's overall strategic plan for 2012-2014, the Knowledge and Information Management Department's (KIM) key objectives included: (i) enhancing the management of electronic records and information resources; and (ii) improving operational efficiency. To this end, a digitization project was initiated to capture and store critical information needed for legal, administrative, historical and business continuity purposes. The second phase of the Electronic Records Management System (ERMS) was also successfully installed and tested. This system will enhance the management of the Bank's electronically stored information and facilitate improved risk management. The Department's Knowledge Management system is also being upgraded to facilitate seamless searching of the Bank's corporate repositories.

In its provision of records and information management services, the Department assisted the Legal Department on matters related to the Fraud on the People (FOP) case and the Commission of Enquiry into CL Financial/CLICO. The redesign of the Legal Department's Records Management system was completed as part of the implementation of the Lifecycle Records Management system throughout the Bank. Work is ongoing in other critical departments such as FISD and Finance & Accounting. All Departments now utilize the online records management system to document the transfer of records to the Records Centre.

The Library's services were enhanced with the addition of several new monographic and periodical subscriptions, more electronic user tutorials and databases, and a classification Management module geared to improving access to the collection. The microfilming of the Bank's publications (2006 – 2010) was also initiated.

RISK MANAGEMENT/INTERNAL CONTROLS

In 2011/12, activities in the areas of risk management, governance and compliance were supported by the progressive rollout of the risk management process across the Bank, and the efforts of the Internal Audit Department towards strengthening internal control systems. In accordance with the Bank's strategic plan 2012-2014, emphasis will be placed on the areas of processes, risks and controls; issue and incident management; self assessment and statutory compliance. As awareness has grown, Departments have been applying risk management methods more explicitly in the conduct of their operations. The Bank continued its emphasis on maintaining its business continuity infrastructure and readiness procedures. The Bank also worked with the financial sector to develop and test shared services, as well as to foster seamless communication among licensees.

HUMAN RESOURCES

Recruitment and Staffing

In June 2012, the Bank modified its high level organizational structure to improve co-ordination, gain broader synergies and promote greater alignment of responsibilities. The manpower rationalization exercise that had begun in preceding years continued in an attempt to ensure that staffing was at optimal levels. The zero-based recruitment approach was also continued with all vacancies being assessed before making a final decision as to whether they should be filled.

Overall there was a net increase of five in the manpower establishment, bringing the staff complement at September 2012 to 491, of which 467 represent permanent, and 24 contractual staff. Permanent staff recruitments were largely aimed at filling key positions while new contract staff included specialist professionals and clerical

Central Bank Staff at UWI World of Work.

personnel assigned to short-term projects. There were 13 employee separations during the financial year, with two of these at the management level.

Training and Development

The Bank's overall budgetary allocation for Training and Development was reduced by approximately 14 per cent from the 2010/2011 period. Despite this reduction, the Bank remained committed to ensuring that each member of staff has the opportunity to reach his/her potential through effective training and developmental opportunities. Eighty-nine per cent of employees participated in local training, 17 per cent in online and in-house training, while 14 per cent attended overseas conferences and seminars. The Bank continues to place due emphasis on facilitating transfer of learning opportunities for participants, especially employees who attend overseas conferences and workshops. The Bank also offers one post graduate scholarship per year to its employees.

In responding to emerging needs and the relatively high rate of crimes against females, the Bank engaged all members of staff in a Personal Protection Training Programme titled *"I WILL NOT BE A VICTIM."* The workshops which were very well attended, equipped employees with the techniques to employ in the face of a confrontation. OSHA requirements continued to be met as Basic Fire Fighting, First Aid and CPR workshops were successfully completed by Floor Wardens and other selected members of staff. In the security area, the Security Operations Officer attended the inaugural meeting of Chiefs of Security of Central Banks in the region held in Barbados. The main focus of this conference was the benefits to be derived from Regional Collaboration and Co-operation among Central Banks.

Floor Wardens get basic Fire Fighting Training.

After School Child Care Facility.

Employee and Industrial Relations

The Bank engaged a new Employee Assistant Programme (EAP) provider, Families In Action (FIA), to provide Employee Assistance Services for an initial period of two years. Several seminars aimed at improving the well being and lifestyle of employees were conducted.

At the beginning of the new school year September 2012, the Bank opened its doors to the children of employees between the ages of 5 – 15 with the launch of its After School Child Care Facility. The Facility is located on the Bank's premises and it is supervised by a tutor, qualified in child care education. In 2012, the Bank received an award from the Informative Breast Feeding Service (TIBS) in recognition of the Bank's pioneering service in the area of maternal facilities, especially catering for new mothers desirous of providing breast milk to their babies. To date, the Bank remains the only institution in the country with such a facility for its employees.

The Bank's Management and the workers' trade union representatives continue to have regular non-crisis meetings to assist in pre-empting potential conflicts and/or disputes. The Bank's Human Resource Information systems were successfully upgraded during the financial year, providing ongoing support in the completion of daily functional/operational activities including leave management, maintenance and updating of staff personal information.

OUTREACH PROGRAMMES

Sir Shridath Ramphal, Chair - Rex Nettleford Foundation.

Dr. Eric Williams Memorial Lecture

On Saturday May 26, 2012, the Bank hosted the 26th Annual Eric Williams Memorial Lecture at the Bank's Auditorium. This year's lecturer was Sir Shridath Ramphal, Chair – Rex Nettleford Foundation, who spoke on the theme *Labouring in the Vineyard.* Sir Shridath explored the development of various Caribbean nations over their years of independence, and raised the question of whether they may have been more advanced if the West Indian Federation had endured. His lecture was extremely well received.

Visitors and students view the Independence Exhibition at the Bank.

Independence Exhibition

In commemoration of the nation's 50th anniversary of independence, the Bank hosted an exhibition entitled *Trinidad and Tobago: Our Journey to Independence.* The Exhibition was designed to chart the historical development of Trinidad and Tobago since independence, highlighting the key players who helped the country achieve this milestone. It was presented in two parts: the first gave the story of independence; and the second - which was labeled 'Intimacies' - paid tribute to Dr. Eric Williams for his pivotal role in the attainment of this country's independent status. The Exhibition was launched on May 15, 2012 and ran for one month. Several schools and members of the public attended the Exhibition and shared feedback and suggestions with the Bank.

Inside the Central Bank's Money Museum.

Money Museum

During the year, the Bank took the opportunity to close the Museum (the first time since it was opened in December 2004) in order to facilitate infrastructural and refurbishment works as well as an upgrade of the exhibits. The Museum is expected to be re-opened by April 2013.

Black Rock Government Primary School in Tobago receives Christmas Hampers from the Bank's *We Care* Charity.

Recipients of Christmas Hampers for the Central Bank's *We Care* Christmas Charity Drive.

Charities

The Bank continued its support of two major charities, *United Way of Trinidad and Tobago* and its own internal charity programme, *We Care*. United Way held its United Way Road Show and contributors were afforded an opportunity to meet with personnel from five organizations that benefit from the charity. In addition, staff visited the St. Vincent Home for the Elderly in San Fernando and interacted with the residents. *We Care* continued to support several children's homes throughout the country and over 600 children benefitted from staff and bank contributions. In addition, the annual Back to School and Christmas projects were highly successful. The Information Technology Services and Legal Departments have adopted homes from within the pool supported by We Care. The 2012 Donate a Day drive contributed $48,280.17 for *We Care* and $25,352.31 for *UWTT.*

Top: Sports and Family Day 2012
Bottom: Bank Staff participating at the Intra Regional Games in 2012.

Members of the Retirees Club.

Sports and Cultural Club

The Central Bank Sports and Cultural Club organized several ventures hosted by the various sport disciplines within the Club as a means of promoting wellness within the organization. During the Carnival season, the Club successfully hosted the Premier Annual All Inclusive fete, its major fund raising event. The Club reached out to the children of Central Bank employees with the hosting of the Easter Bonnet parade at which they were encouraged to display their creativity. The bi-annual Intra Regional Games was held in Jamaica in April 2012 and our team put up a strong fight against our Caribbean counterparts, emerging third overall.

Retirees

The Annual Retirees Seminar was held in October 2011. Activities included basic onsite health screening by the North West Regional Health Authority (NWRHA) and a session on *"Making a Will"* conducted by Families In Action.

Former Governor Ewart Williams, Timothy Woolford, 2011-2012 recipient of the De La Rue Scholarship, and Tim Cobbolt, CEO of De La Rue.

Central Bank booth at UWI World of Work.

Participants at one of the NFLP's Financial Literacy sessions.

Internships/Scholarships

The Bank successfully hosted its Vacation Internship Programme (VIP) for the ninth consecutive year, providing a holistic approach to the world of work through project-based on-the-job training, mentorship and classroom training. For the second year, the Programme incorporated a Community Outreach Project which participants considered very fulfilling.

The De La Rue Scholarship, now in its ninth year, was awarded to Mr. Timothy Woolford. This Scholarship is jointly awarded by the Central Bank of Trinidad and Tobago and De La Rue Currency of the UK.

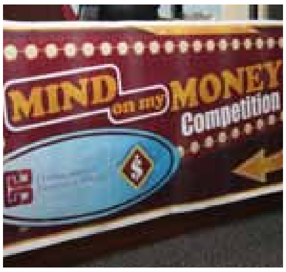
The Bank continued its Career Outreach Initiative with its participation in Career Fairs in schools and institutions. The Bank continued to support the Ministry of Public Administration with the placement of six returning national scholars in the Bank as part of the Associate Professional Programme.

NATIONAL FINANCIAL LITERACY PROGRAMME

During 2011/12, the National Financial Literacy Programme (NFLP) delivered financial education programmes on money scripts, budgeting, savings, investing, managing risks, entrepreneurship, home ownership and retirement planning to members of the public. Over 300 financial literacy seminars were delivered to approximately 5,000 persons throughout Trinidad and Tobago.

Participants included Food Card recipients, Civilian Conservation Corps volunteers, employees in Government ministries, the protective services, the energy sector and financial institutions, as well as primary school, secondary school and university students. Topics covered included the advantages of entrepreneurship, marketing and pricing,

NFLP delivers money management session to a new batch of recruits of the Trinidad and Tobago Prison Service.



NFLP's 'Mind on my Money' winners.

competition and record keeping and challenges in owning and operating businesses including special advice for low income single mothers.

The NFLP also conducted its 'Train-the-Trainer' programme, under which 67 University of the West Indies (UWI) students were exposed to a six-week intensive training programme. The students are now expected to deliver financial education sessions to their peers and members of their communities.

In September 2012, the NFLP staged a financial trivia competition entitled 'Mind on My Money' (MOMM). The objective of the competition was to garner more interest in the programmes of the NFLP and to get some appreciation of the level of the financial education of the participants. The Department's 'Managing Your Future' and 'Youth on the Money' Facebook pages and the daily newspapers were used to promote the competition. In August 2012, the NFLP participated in the 'Power Scholars' programme of Power 102FM, an educational quiz competition for primary school students.

In an effort to improve transparency in the local residential mortgage market, the Central Bank, in consultation with the Bankers' Association of Trinidad and Tobago (BATT), introduced a "Residential Real Estate Mortgage Market Guideline" on September 14, 2012. The NFLP spearheaded the 'Public Education Campaign' on the Guideline. A draft of a booklet 'Opening the Door to Your Own Home – A Guide to Home Ownership' was completed during the year.

FINANCIAL STATEMENTS
2011-2012

FINANCIAL STATEMENTS

Report of the Auditor General

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CENTRAL BANK OF TRINIDAD AND TOBAGO AND ITS SUBSIDIARY FOR THE YEAR ENDED 2012 SEPTEMBER 30

The accompanying Consolidated Financial Statements of the Central Bank of Trinidad and Tobago and its subsidiary for the year ended 2012 September 30 have been audited. The Statements comprise the Consolidated Statement of Financial Position as at 2012 September 30, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended 2012 September 30 and Notes to Consolidated Financial Statements numbered 1 to 26.

BOARD'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Board of the Central Bank of Trinidad and Tobago is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

3. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit. The audit was carried out in accordance with section 52 of the Central Bank Act, Chapter 79:02. The audit was conducted in accordance with auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinion expressed at paragraph 5 of this Report.

Page 1 of 2

Report of the Auditor General

OPINION

5. In my opinion, the Consolidated Financial Statements as outlined at paragraph one above, present fairly, in all material respects, the financial position of the Central Bank of Trinidad and Tobago and its subsidiary as at 2012 September 30 and the related financial performance and cash flows for the year ended 2012 September 30 in accordance with International Financial Reporting Standards except as stated at Note 2a to the Consolidated Financial Statements.

2012 December 20

REPUBLIC OF TRINIDAD AND TOBAGO
2012 Dec 20
AUDITOR GENERAL

Sharman Ottley
SHARMAN OTTLEY
AUDITOR GENERAL

Auditor General's Report
CBTT 2012

Page 2 of 2

Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2012 *(Expressed in Trinidad & Tobago Dollars)*

	NOTES	Sept 2012 $'000	Restated Sept 2011 $'000
ASSETS			
Foreign currency assets			
Foreign currency cash and cash equivalents	4	32,372,487	27,162,496
Foreign currency investment securities	5	26,842,735	30,868,917
Foreign receivables	8	6,007,948	5,601,243
Subscriptions to international financial institutions	9	3,414,035	3,586,666
International Monetary Fund - Holdings of Special Drawing Rights		2,674,246	2,823,789
		71,311,451	**70,043,111**
Local currency assets			
Local currency cash and cash equivalents	4	1,716,096	1,618,695
Local currency investment securities	5, 6	268,214	286,927
Retirement benefit asset	7, 21	205,846	210,595
Accounts receivable and prepaid expenses	8	2,166,011	2,266,810
Other assets	10	271,191	269,776
Property, plant and equipment	11	219,608	230,767
		4,846,966	**4,883,570**
TOTAL ASSETS		**76,158,417**	**74,926,681**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	12	197,433	54,925
International Monetary Fund - Allocation of Special Drawing Rights		3,115,305	3,290,364
Accounts payable	13	6,095,922	6,214,742
		9,408,660	**9,560,031**
Local currency liabilities			
Demand liabilities - local	12	33,802,701	31,181,375
Accounts payable	13	25,060,103	25,731,307
Provision for transfer of surplus to government		555,332	478,837
Provisions	14, 21	5,818,855	6,520,706
		65,236,991	**63,912,225**
CAPITAL AND RESERVES			
Capital	22	800,000	800,000
General reserve		702,955	641,252
Retained earnings		9,811	13,173
		1,512,766	**1,454,425**
TOTAL LIABILITIES, CAPITAL AND RESERVES		**76,158,417**	**74,926,681**

GOVERNOR

REPUBLIC OF TRINIDAD AND TOBAGO AUDITOR GENERAL

DEPUTY GOVERNOR

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2012 *(Expressed in Trinidad & Tobago Dollars)*

	NOTES	Sept 2012 $'000	Restated Sept 2011 $'000
Income from foreign currency assets			
Interest and other income		471,753	831,405
Investment expense		(24,555)	(24,425)
		447,198	806,980
Loss from currency translations		(10,521)	(113,034)
Net gains realized on disposal and amortization of investments		313,327	4,398
	15	**750,004**	**698,344**
Income from local currency assets			
Interest income	16	307,720	222,913
Rental income		1,239	1,066
Other income	16	47,824	28,607
		356,783	**252,586**
Decrease in provisions		4,809	159,535
Total income		**1,111,596**	**1,110,465**
Operating expenses			
Printing of notes and minting of coins		64,560	52,598
Salaries and related expenses		163,720	163,961
Interest paid		145,762	172,078
Directors' fees		1,807	1,187
Depreciation		30,926	29,410
Other operating expenses	17	91,148	155,470
Total operating expenses		**497,923**	**574,704**
Net surplus for the period		**613,673**	**535,761**
Business Levy expenses	18	-	46
Net surplus after taxation		**613,673**	**535,807**
Total comprehensive income for the year		**613,673**	**535,807**

Consolidated Statement of Changes In Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2012 *(Expressed in Trinidad & Tobago Dollars)*

	Issued and Fully Paid Up Capital $'000	General Reserves $'000	Retained Earnings $'000	Total $'000
Balance as at 1 October 2010	800,000	588,049	9,406	1,397,455
Net surplus for the period	-	-	535,807	535,807
Transfer of surplus to Consolidated Fund	-	-	(478,837)	(478,837)
Transfer to general reserve	-	53,203	53,203)	-
Balance as at 30 September 2011	800,000	641,252	13,173	1,454,425
Balance as at 1 October 2011	800,000	641,252	13,173	1,454,425
Net surplus for the period	-	-	613,673	613,673
Transfer of surplus to Consolidated Fund	-	-	(555,332)	(555,332)
Transfer to general reserve	-	61,703	(61,703)	-
Balance as at 30 September 2012	800,000	702,955	9,811	1,512,766

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2012 *(Expressed in Trinidad & Tobago Dollars)*

	Sept 2012 $'000	Restated Sept 2011 $'000
Cash flows from operating activities		
Net surplus for the year before taxation	613,673	535,761
Adjustments for:		
Depreciation	30,926	29,410
Net gain on disposal of fixed assets	(408)	(146)
Interest income	(779,473)	(1,054,318)
Interest expense	145,762	172,078
Dividend income	(2,892)	(6,852)
Provisions	(4,809)	(159,535)
Cash flow before changes in operating assets and liabilities	**2,779**	**(483,601)**
Changes in operating assets and liabilities		
(Increase)/Decrease in accounts receivable & prepaid expenses	(405,903)	1,971,376
Increase in other assets	(12,641)	(8,190)
Decrease in pension asset	4,749	29,307
Increase/(Decrease) in accounts payable and other liabilities	1,990,249	(33,660)
Net cash flow from operations	**1,579,232**	**1,475,232**
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,829)	(26,672)
Proceeds from sale of property, plant and equipment	470	245
Net proceeds from sale of investments/(purchase of investments)	3,359,237	(129,179)
Net repayment of loans and advances	34,830	30,243
Interest received	879,508	1,071,525
Dividends received	2,892	6,852
Interest paid	(162,195)	(177,334)
(Increase)/Decrease in International Monetary Fund Holding of Special Drawing Rights	(25,516)	34,388
Payment to Consolidated Fund	(478,836)	(478,605)
Net cash flow from investing activities	**3,590,561**	**331,462**
Cash flows from financing activities		
Lease payment	11,226	11,006
Net cash flow from financing activities	**11,226**	**11,006**
Net increase in cash and cash equivalents	5,181,019	1,817,700
Foreign currency differences in monetary assets & liabilities	126,372	(111,243)
Cash and cash equivalents, beginning of period	28,781,191	27,074,734
Cash and cash equivalents, end of period	**34,088,583**	**28,781,191**

1. Incorporation & principal activities

The Central Bank of Trinidad and Tobago (Bank) was established as a corporate body in 1964 under the Central Bank Act (Chapter 79:02). The principal office is located at Eric Williams Plaza, Independence Square, Port of Spain, Trinidad and Tobago.

The Central Bank Act entrusts the Bank with a range of responsibilities, among which is the promotion of monetary, credit and exchange conditions most favourable to the development of the economy of Trinidad and Tobago.

The Bank has the exclusive right to issue and redeem currency notes and coins in Trinidad and Tobago, and is empowered, inter alia, to act as banker for, and render economic, financial and monetary advice to the Government of the Republic of Trinidad and Tobago (GORTT) and open accounts for and accept deposits from the Central Government, Local Government, statutory bodies, commercial banks and other financial institutions. It also has the authority to make advances, purchase and sell discounted bills of exchange and promissory notes on behalf of the above named institutions, and to purchase and sell foreign currencies and securities of other Governments and international financial institutions.

The Bank is also responsible for protecting the external value of the currency, managing the country's external reserves and taking steps to preserve financial stability.

2. Significant accounting policies

The principal accounting policies applied in the preparation of the Financial Statements are set out below. These policies have been applied to all of the years presented.

a. Basis of preparation

These consolidated Financial Statements have been prepared on the historical cost basis except as modified by the revaluation of 'artwork', "available for sale" and "fair value through profit or loss" financial assets.

These consolidated Financial Statements have been prepared in accordance with the Central Bank Act (Chapter 79:02). The Bank has chosen to adopt the recognition and measurement requirements of the International Financial Reporting Standards (IFRS) together with the presentation and disclosure framework in the preparation of these consolidated Financial Statements insofar as the Bank considers it appropriate to do so having regard to its functions.

These consolidated Financial Statements depart from the IFRS because of the nature of the Bank, including its role in the development of the financial infrastructure of the country as well as the regulations by which it is governed. The IFRS which have not been fully adopted are:

- *IAS 21 – The Effect of Changes in Foreign Exchange Rates,* requires that all unrealized gains and losses be accounted for through the Income Statement. The Central Bank Act requires that the profit for the year be transferred to the Consolidated Fund but does not distinguish between realized and unrealized profits. As such, the Bank accounts for all unrealized gains and losses on Changes in Exchange Rates through a Provision for Foreign Currency Exchange Rate Reserves.

- IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets,* defines Provisions as liabilities of uncertain timing or amount. The Central Bank Act imposes specific limitations on the scope of the Bank to create reserves and so prepare for certain unforeseen events. The Bank has therefore established Provisions for specific types of transactions and obligations, which would more typically be reflected as various types of reserves under the IFRS.

- *IAS39–Financial Instruments Recognition and Measurement,* requires that where an asset is classified as available-for-sale, the unrealized gains or losses on fair value movements should be recognized directly in Capital and Reserves through the Statement of Changes in Equity. The Central Bank Act imposes specific limitation on the scope of the Bank to create reserves. Therefore the Bank recognizes its unrealized gains or losses on the available-for-sale investments under "Provisions" rather than "Reserves". In this way, the financial statements reflect a more realistic picture of the performance of the Bank.

- IFRS 7 – *Financial Instruments Disclosures,* requires that an entity discloses very detailed information on its investments including information on concentration of risk on investments; geographical information on investments and sensitivity analysis for each type of market risk. The Bank's investment of the country's reserves is managed under strict governance procedures and the Central Bank Act requires the Bank maintain a prudential level of confidentiality.

The accounting treatment adopted for each of these departures is defined in the accounting policies and notes below. The impact of this is reflected in the improved stability in the operations of the Bank. Management considers that these Financial Statements fairly represent the Bank's financial position, financial performance and cash flows.

b. Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary for the year ended 30 September 2012. The financial statements of the Bank's subsidiary are prepared for the same reporting year as the Bank, using consistent accounting policies. All intra-group balances, transactions, income and expenses are eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Non controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Bank. Currently, there are no non controlling interests as the subsidiary being consolidated is owned 100% by the Bank.

Section 36(g) of the Central Bank Act empowers the Bank, with the approval of the Minister of Finance, to acquire, hold and sell shares or other securities of any statutory body or company registered under the Companies Act for the purpose of promoting the development of a money or securities market or for financing the economic development of Trinidad and Tobago. The Bank has interests in a number of institutions – the Trinidad and Tobago Unit Trust Corporation, the Deposit Insurance Corporation, Caribbean Credit Rating and

Information Agency, Home Mortgage Bank, Trinidad and Tobago Inter-bank Payments System Limited, CB Services Limited and the Office of the Financial Services Ombudsman.

In all but the Deposit Insurance Corporation and CB Services Limited, the Bank has a minority financial interest, in fulfilment of the Bank's role to help promote the development of the country's financial infrastructure. The Deposit Insurance Corporation was established for the protection of depositors in the domestic financial system. While the share capital was paid up by the Bank, the Deposit Insurance Corporation was always conceived to be a separate and independent institution with its own mandate and operates as such. The Financial Statements of these related enterprises, with the exception of CB Services Limited, have not been consolidated with those of the Bank.

Extracts of the Parent's Financial Statements are included in note 26.

c. Foreign currency translation

i. Functional and presentation currency

The Financial Statements are presented in Trinidad and Tobago dollars, which is the Bank's functional and presentation currency.

ii. Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at the rates of exchange prevailing at the close of business at the Statement of Financial Position date.

Translation gains or losses, at year-end exchange rates of these monetary and non-monetary assets and liabilities, are recognized in Provisions – Foreign Currency Exchange Rate Reserves.

Foreign currency transactions are translated at the exchange rates prevailing on the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the Statement of Comprehensive Income.

iii. Special Drawing Rights

Transactions with the International Monetary Fund (IMF) are recorded at the local currency equivalent of Special Drawing Rights using rates notified by the IMF. Special Drawing Rights (SDR) are defined in terms of a basket of currencies. To revalue the Bank's holdings of SDRs, the value of the SDR was calculated as a weighted sum of the exchange rates of four major currencies (the US dollar, euro, Japanese yen and the pound sterling) against the Trinidad and Tobago dollar. The SDR rate as at 30 September 2012 was 0.1030830.

d. Critical accounting estimates and judgements

The Bank makes estimates and assumptions that affect the reported amounts of the assets and liabilities within the financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events.

The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are illustrated below:

i. Estimated pension and post–employment medical plan

The estimate of the pension and post-employment medical plan obligations, in relation to the defined benefit plans operated by the Bank on behalf of its employees, are primarily based on the estimation of independent qualified actuaries. The value of the obligations is affected by the actuarial assumptions used in deriving the estimate.

ii. Provision for bad and doubtful debts

Pursuant to Section 35(4) of the Act, provisions are made for bad and doubtful debts in the accounts. In this regard, the relevant assets are shown in the Statement of Financial Position net of the amount which, in the opinion of the Bank, requires a specific provision.

iii. Estimate of litigation liability

The Bank may face litigation matters in the normal course of business. An estimate for legal settlement and associated cost has been provided for in the Financial Statements.

iv. Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities.

e. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise balances with less than or equal to three months to maturity from the date of acquisition. It consists of cash, balances with other banks, short-term funds and highly liquid investments, including fixed deposits and reverse repurchases.

f. Investment securities

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities which are recorded at fair value through profit or loss.

The Bank classifies its investment securities in the following four categories: "Held to Maturity", "Available-for-Sale", "Loans and Advances" and "Fair Value through Profit or Loss".

i. Held to maturity

Investments classified as held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank's management has the positive intention and ability to hold to maturity. After initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate method (EIR) less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Interest on these investments is recognized in the Statement of Comprehensive Income.

ii. Available-for-sale

These investments are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or to meet the goals of the strategic asset allocation approved by the Board.

They are initially recognized at fair value, (which includes transaction costs), and are subsequently re-measured at fair market value. Unrealized gains and losses on these investments are recognized in Provisions – Revaluation Reserve at Market Value. Regular purchases and sales of financial assets are recognized on the trade date, which is the date on which the Bank commits to purchase or sell the asset.

When the securities are disposed of, the related accumulated fair value adjustments are included in the Statement of Comprehensive Income as realized gains and losses from investment securities.

The Bank has investments in several related companies which are accounted for as available-for-sale investments (see Note 6). None of these equity investments, with the exception of the investment in the Home Mortgage Bank (HMB), have a quoted market price in an active market and therefore their fair value cannot be reliably measured. The cost of these equity investments is therefore considered a reasonable approximation of fair value. The equity investment in HMB is measured at fair market value. Unrealized gain or loss on this investment is recognized in Provisions – Revaluation Reserve at Market Value.

iii. *Loans and advances*

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money or services directly to a counterparty, with no intention of trading the receivable and are carried at their expected realizable value, less any provision for impairment. Interest arrears are accrued and provided for in the current financial period.

Determination of allowances for losses is based on an annual appraisal of each loan or advance. Specific provisions are made when, in the opinion of management, credit risk or other factors make full recovery doubtful. Provisions created, including increases and decreases, are recognized in the Statement of Comprehensive Income.

iv. *Fair value through profit or loss*

Financial assets at fair value through profit or loss may only be made if the financial asset either contains an embedded derivative or will be managed on a fair value basis in accordance with a documented risk management strategy, or if designating it (and any financial liability) at fair value will reduce an accounting mismatch.

Derivatives are initially recognized in the Statement of Financial Position at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, or valuation techniques, as appropriate. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received).

A derivative is a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics:

a. its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');

b. it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and

c. it is settled at a future date.

g. Recognition and derecognition of financial instruments

The Bank uses trade date accounting when recording financial asset transactions.

Financial assets are derecognized when the contractual right to receive the cashflows from these assets has ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred.

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

h. Impairment of financial assets

The Bank assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i. Financial assets carried at amortized cost

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the Statement of Comprehensive Income.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (EIR). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Bank has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date.

ii. Available-for-sale financial investments

For available-for-sale financial investments, the Bank assesses at each statement of financial position date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as available-for-sale, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest and income'. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as available-for-sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement – is removed from equity and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognized in Provisions – Revaluation Reserve at Market Value.

i. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

j. Employee benefits

(i) Pension Benefits

The Bank operates a Defined Benefit Plan (Plan) for all its eligible employees. The assets of the Plan are held in a separate trustee administered plan.

A Defined Benefit Plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension benefit is based on the final salary of the employee.

An asset or liability recognized in the Statement of Financial Position in respect of the Plan is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of the Plan's assets, together with adjustments for unrecognized actuarial gains or losses and past service costs.

The Plan's accounting costs are assessed on the basis of the Projected Unit Credit Method. A valuation is done every three years by independent actuaries. The last triennial valuation was performed at 30 September, 2011.

In accordance with the advice of the actuaries, the Plan's costs of providing pensions are charged to the Statement of Comprehensive Income in order to spread the regular cost over the service lives of employees.

Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gain or loss exceeds the greater of 10% of the defined benefit obligation and 10% of the fair value of the Plan assets.

The Plan is funded by payments from employees and the Bank, taking into account the recommendations of independent qualified actuaries.

(ii) Post-employment medical benefits

The Bank operates a post-employment medical benefit scheme for its retirees, whereby a subsidy is provided for premium due for Member Only contribution. The method of accounting, assumptions and the frequency of valuations are similar to those used for the defined benefit pension scheme.

k. Notes and coins

The stock of notes and coins is stated at original cost. Issues are accounted for using the First In First Out Method. All associated costs such as shipping, handling and insurance are expensed immediately. Printing and minting costs are expensed when the units of currency are issued and put into circulation.

l. Leases

i. Operating leases (as lessee)

The leases entered into by the Bank are primarily operating leases. The total payments made under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

ii. Finance leases (as lessor)

Where the Bank grants long-term leases on property, the land and the building are treated as a finance lease. These finance leases are valued at the lower of the gross investment less principal payments and any provisions in the lease, and the present value of the minimum lease payments receivable at the Statement of Financial Position date and are shown as receivable. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

m. Computer software

The Bank acquires computer software programs to assist in the performance of its normal activities. These amounts are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortized using the straight line method on the basis of the expected useful life of five years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

n. Property, plant & equipment

Property, plant and equipment are recorded at their cost of acquisition less accumulated depreciation. Additions or improvements to assets during the year, which significantly add to the value of, or extend the useful life of such assets, are capitalized as part of the cost. When an asset is retired or sold, any gain or loss on disposal is recognized in the Statement of Comprehensive Income.

Artwork, which is classified under Fixtures and Fittings, is carried initially at cost. Every subsequent year, Artwork will be carried at its revalued amount, being its fair value at the date of revaluation. Appraisals will be performed every three years by a qualified valuer. The artwork was last revalued in September 2010.

Depreciation is calculated on the Straight Line Method to write down the cost of the assets to their residual values over their estimated useful lives at the following rates:

Furniture	- 10% per annum (pa)
Fixtures and fittings	- 10% pa
Motor vehicles	- 33 1/3% pa
Machinery and equipment	- 20% pa
Computer hardware	- 33 1/3% pa
Computer software	- 20% pa
Leasehold properties	- over the period of the lease
Building	- 2.5% pa
Building Improvements	- 10% pa

o. Taxation

Section 55(1) of the Central Bank Act exempts the Bank from the provisions of any Act relating to income taxation, company taxation and from the payment of stamp duty.

Its subsidiary, CB Services Limited, is subject to corporation tax at a rate of 25% on chargeable income in accordance with the Corporation Tax Act.

Deferred taxation arises from temporary differences between the tax base of assets and liabilities, and their carrying amounts in the Financial Statements.

CB Services Limited currently does not have any temporary difference and as such no adjustment for deferred taxation is required.

p. Provisions

The Bank has a policy of providing for all known and foreseeable losses in the accounts and has adopted a prudent approach to provisioning. Provisions shown on the Statement of Financial Position include the Foreign Currency Translation Reserves, Gold Revaluation Reserves and Market Value Revaluation Reserves.

q. Gold reserve

Gold is valued at the market price prevailing at the year end. No distinction is made between the price and currency revaluation differences for gold. Instead, a single gold valuation is accounted for on the basis of the price in Trinidad and Tobago dollars per troy ounce of gold.

r. Subscriptions to international financial institutions

The Bank acts as financial agent for the GORTT with international financial institutions (See Note 9). In order to provide a more appropriate presentation, these amounts include the portion of the GORTT's contributions issued to these organizations in the form of Promissory Notes where applicable. These balances are stated at cost once there is no quoted market price in an active market and the fair value cannot be reliably determined. For those that are quoted in an active market, the instrument is carried at fair value based on the closing price at year end.

s. Capital

The entire capital of the Bank is held by the GORTT. Provision is made in Section 34(5) of the Central Bank Act for the Paid-up portion of the authorized capital of the Bank to be increased each year by an amount of not less than 15 per cent of the amount to be paid into the Consolidated Fund, until the Paid-up portion of the Authorized Capital is equal to the Authorized Capital. On 21 August, 2007 the Authorized Capital of the Bank was increased to $800 million. As at 30 September 2012 the Paid-up Capital was $800 million.

t. Reserves

Provision is made in Sections 35(3) and 35(6) of the Central Bank Act for the Bank to place in the General Reserve Fund or the Special Reserve Funds, or in both, an amount not exceeding 10 per cent of the net surplus of the Bank for each financial year, until the General Reserve Fund is equal to the Authorized Capital. At 30 September 2012, the General Reserve Fund increased by $62 million to $703 million (2011: $641 million).

u. Transfer of surplus

The Central Bank Act states under Section 35(5) that at the end of each financial year, after allowing for the amount referred to in Section 35(3), the net profit of the Bank shall be paid into the Consolidated Fund.

v. Revenue recognition

i. *Interest income and interest expense*

Interest income and expense are recognized in the Statement of Comprehensive Income for all interest-bearing instruments on an accruals basis. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discount instruments.

ii. *Dividend income*

Dividend income is recognized when the right to receive payment is established.

iii. *Other income and expenses*

All other significant items of income and expenditure are accounted for on the accruals basis.

w. Comparatives

Where necessary comparative figures have been adjusted to take into account changes in presentation in the current year.

3. Financial risk management

Operational risk is the risk of loss in both financial and non-financial terms resulting from human error and the failure of internal processes and systems. Operational risk management includes bank-wide corporate policies which describe the standard of conduct required of staff and specific internal control systems designed around the particular characteristics of various Bank activities.

In addition to operational risk, the Bank is exposed to various risks arising from its responsibility for the management of the official foreign currency reserves of the country. These risks and the measures taken to mitigate them in the portfolio are as follows:

Credit risk

The Bank takes on exposure to ***credit risk*** which is the risk that a counterparty will be unable to pay amounts in full when due.

Credit risk is mitigated by the establishment of counterparty concentration limits and by the establishment of minimum rating standards that each counterparty must attain.

Currency risk

The Bank takes on exposure to fluctuations in the prevailing foreign currency exchange rates on its foreign currency portfolios. Management seeks to mitigate currency risk by aligning the currency composition of the foreign portfolio to the settlement of trade and external debt.

Interest rate risk

The Bank invests in securities and maintains demand deposit accounts as a part of its normal course of business. Interest rate risk is the risk of loss arising from changes in prevailing interest rates. The Bank manages this risk by establishing duration limits for the portfolio.

Liquidity risk

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts and maturing deposits.

Liquidity risk is managed by the grouping of reserves into several tranches according to liquidity requirements, and defining specific asset classes and duration limits for each tranche, consistent with its defined liquidity objectives.

Fair value is the arm's length consideration for which an asset could be exchanged or a liability settled between knowledgeable, willing parties, who are under no compulsion to act and is best evidenced by a quoted market price if one exists.

Fair value of securities is determined using the Par Method where direct market quotes of these instruments exist. This price is used as the basis for the mark-to-market valuation of the holdings.

4. Cash and cash equivalents

	Sept 2012 $'000	Sept 2011 $'000
Currency on hand	6,845	10,670
Balances held with banks	1,972,997	1,862,481
Repurchase agreements	4,047,380	1,566,170
Fixed deposits	25,193,084	23,940,358
Short-term investments	2,868,277	1,401,512
	34,088,583	**28,781,191**
Represented by:		
Foreign currency – cash and cash equivalents		
Currency on hand	1,859	1,581
Balances held with banks	261,887	252,875
Repurchase agreements	4,047,380	1,566,170
Fixed deposits	25,193,084	23,940,358
Short-term investments	2,868,277	1,401,512
	32,372,487	**27,162,496**
Local currency – cash and cash equivalents		
Cash on hand	4,986	9,089
Balances held with banks	1,711,110	1,609,606
	1,716,096	**1,618,695**
	34,088,583	**28,781,191**

Local currency – balances with banks

This balance is comprised mostly of cheque deposits made by the GORTT which are sent for clearance at the commercial banks. These are settled against commercial banks' reserve balances on the next working day.

5. Investment securities

	Sept 2012 $'000	Sept 2011 $'000
Foreign currency investment securities		
Available-for-sale	26,594,683	30,604,103
Loans and advances	248,052	264,814
	26,842,735	**30,868,917**
Local currency investment securities		
Available-for-sale	77,853	78,493
Loans and advances	190,361	208,434
	268,214	**286,927**
Total investment securities	**27,110,949**	**31,155,844**
Available-for-sale investments		
Foreign currency		
Amortized cost	25,816,386	29,369,024
Appreciation in market value	216,506	635,584
Appreciation in foreign currency	561,791	599,495
	26,594,683	**30,604,103**
Local currency		
Bonds	21,471	22,111
Investments in related enterprises (note 6)	56,382	56,382
	77,853	**78,493**
Total available-for-sale investments	**26,672,536**	**30,682,596**

	Sept 2012 $'000	Sept 2011 $'000
Loans and advances		
Foreign currency		
Cost	308,053	324,794
Provision for doubtful debts	(60,001)	(59,981)
	248,052	**264,814**
Local currency		
Loans and advances	260,402	278,491
Provision for doubtful debts	(70,041)	(70,057)
	190,361	**208,434**
Total loans and advances	**438,413**	**473,248**
Total investment securities	**27,110,949**	**31,155,844**

6. Investment in related enterprises

	Sept 2012 $'000	Sept 2011 $'000
Cost	25,422	25,422
Appreciation in market value	30,960	30,960
	56,382	**56,382**

The Bank has an interest in the following related enterprises to help promote the development of the country's financial infrastructure:

	Sept 2012 $'000	Sept 2011 $'000
Trinidad and Tobago Unit Trust Corporation	2,500	2,500
Deposit Insurance Corporation	1,000	1,000
Home Mortgage Bank	33,360	33,360
First Citizens Bank Limited	18,600	18,600
Trinidad and Tobago Interbank Payments System	922	922
	56,382	**56,382**

The Bank also has a related interest in the Office of the Financial Services Ombudsman (OFSO). The main objectives of the OFSO are to receive complaints arising from the provision of financial services to individuals and small businesses, and to facilitate the settlement of these complaints. The remuneration of the Financial Services Ombudsman is met by the Bank while the day-to-day operations of the Office are funded by the financial institutions.

7. Retirement benefit asset

	Sept 2012 $'000	Restated Sept 2011 $'000
Retirement benefit asset as previously reported	210,595	236,076
Adjustment for Post-Employment Medical Plan (see Note 21)	(2,617)	(25,481)
Movement in pension plan asset	(2,132)	-
Retirement benefit asset as restated	**205,846**	**210,595**
Consolidated statement of financial position asset/(obligations) for:		
- Pension plan	233,944	236,076
- Post-employment medical plan	(28,098)	(25,481)
	205,846	**210,595**

a) Pension Plan

	Sept 2012 $'000	Restated Sept 2011 $'000
Defined benefit obligation	(502,141)	(428,975)
Fair value of assets	751,141	657,483
	249,000	228,508
Unrecognized gain	(15,056)	7,568
IAS 19 net defined asset	**233,944**	**236,076**
Reconciliation of opening and closing defined benefit assets		
Opening defined benefit asset	236,076	239,902
(Decrease)/Increase in pension asset		
Pension cost	(6,098)	(7,647)
Bank contribution paid	3,966	3,821
	(2,132)	(3,826)
Closing defined benefit asset	**233,944**	**236,076**
Amounts recognized in the earnings statement		
Current service cost	(14,638)	(13,788)
Interest on defined benefit obligation	(26,592)	(24,755)
Expected return on plan assets	40,754	34,014
Amortized net gain	-	(3,118)
Past service cost	(5,622)	-
Net pension cost	**(6,098)**	**(7,647)**
Return on plan assets		
Expected return on plan assets	40,754	34,014
Actuarial gain/(loss) on plan assets	63,891	83,200
Actual return on plan assets	**104,645**	**117,214**

a) Pension Plan (cont'd)

	Sept 2012 $'000	Restated Sept 2011 $'000
Actuarial assumptions		
Discount rate	5.50%	6.25%
Expected return on plan assets	5.50%	6.25%
Projected future rate of salary increase	5.16%	6.00%
Value of Pension Scheme Asset	Based on Market Value at Balance Sheet Date	

b) Post-Employment Medical Plan

	Sept 2012 $'000	Restated Sept 2011 $'000
Defined benefit obligation	(27,337)	(25,805)
Fair value of assets	-	-
	(27,337)	(25,805)
Unrecognized gain	(761)	324
IAS 19 net defined obligation	**(28,098)**	**(25,481)**
Reconciliation of opening and closing defined benefit liability		
Opening defined benefit liability	(25,481)	-
(Decrease)/Increase in plan		
Pension cost	(3,114)	(26,007)
Bank contribution paid	497	526
	(2,617)	(25,481)
Closing defined benefit liability	**(28,098)**	**(25,481)**
Amounts recognized in the earnings statement		
Current service cost	(1,511)	(1,048)
Interest on defined benefit obligation	(1,603)	(1,104)
Past service cost	-	(23,855)
Net pension cost	**(3,114)**	**(26,007)**
Actuarial assumptions		
Medical cost increases	5.00%	6.00%

8. Accounts receivable and prepaid expenses

	Sept 2012 $'000	Sept 2011 $'000
Foreign receivables		
Trade receivables - investments sold	5,932,600	5,426,205
Foreign interest receivables	73,140	173,119
Other receivables	2,208	1,919
	6,007,948	**5,601,243**
Accounts receivable and prepaid expenses		
Interest receivable on domestic investments	57,496	57,552
Amounts recoverable from CLF/GORTT (Note 24)	2,068,925	2,013,592
Other receivables	16,150	15,720
Prepayments	7,394	6,191
Suspense accounts - pending transfers	14,648	172,388
Value added tax	1,398	1,367
	2,166,011	**2,266,810**

9. Subscriptions to International Financial Institutions

	Sept 2012 $'000	Sept 2011 $'000
Banco Latino Americano De Exportaciones	22,774	13,185
Caribbean Development Bank	8,194	8,194
Caribbean Information and Credit Rating Services Ltd.	1,684	962
Inter-American Development Bank	6,694	6,694
International Bank for Reconstruction and Development	113,160	113,156
International Development Association	5,567	5,567
International Finance Corporation	333	333
International Monetary Fund	3,255,629	3,438,575
	3,414,035	**3,586,666**

The holdings in Banco Latino Americano De Exportaciones (Bladex) are based on a quoted market price off the New York Stock Exchange of US$22.09/share as at 30 September 2012.

10. Other assets

	Sept 2012 $'000	Sept 2011 $'000
Lease asset	153,578	164,804
Stock of notes and coins	116,016	103,569
Consumables	1,597	1,403
	271,191	269,776

Lease asset

In 1995 the Bank entered into a thirty-year finance lease agreement with the GORTT for the purchase of the Ministry of Finance Building.

	Sept 2012 $'000	Sept 2011 $'000
Present value of the minimum lease payments	153,578	164,804
Broken out as follows:		
Not later than one year	11,226	11,226
Later than one year and not later than five years	52,914	59,590
Later than five years	89,438	93,988
Present value of the minimum lease payments	153,578	164,804

Stock of notes and coin	Sept 2012 $'000	Sept 2011 $'000
Notes	77,535	69,285
Coins	38,481	34,284
	116,016	103,569

11. Property, plant and equipment

	Land & Building $'000	Leasehold Property $'000	Machinery & Equipment $'000	Computer Equipment $'000	Furniture, Fixture & Fittings $'000	Capital Work in Progress $'000	Total $'000
As at 30 September 2011							
Net book value							
Balance b/fwd 01 Oct 2010	164,818	84	16,734	12,297	30,186	9,425	233,544
Transfers	3,193	-	11,766	1,579	1,898	(18,436)	-
Reclassification of assets	(7,836)	7,836	-	-	-	-	-
Additions	442	-	1,117	2,280	562	22,271	26,672
Disposals	-	-	(3)	-	(96)	-	(99)
Revaluation adjustment	-	-	-	-	60	-	60
Depreciation for the year	(13,628)	(7)	(7,107)	(5,679)	(2,989)	-	(29,410)
Balance c/fwd	146,989	7,913	22,507	10,477	29,621	13,260	230,767
Represented by:							
Cost	399,790	8,134	99,340	65,640	48,786	13,260	634,950
Accumulated depreciation	(252,801)	(221)	(76,833)	(55,163)	(19,165)	-	(404,183)
	146,989	7,913	22,507	10,477	29,621	13,260	230,767
As at 30 September 2012							
Net book value							
Balance b/fwd 01 Oct 2011	146,989	7,913	22,507	10,477	29,621	13,260	230,767
Transfers	9,046	-	1,257	5,512	1,092	(16,907)	-
Additions	390	-	3,185	4,368	1,269	10,617	19,829
Disposals	-	-	(1)	-	(61)	-	(62)
Depreciation for the year	(14,260)	(8)	(7,308)	(6,111)	(3,239)	-	(30,926)
Balance c/fwd	142,165	7,905	19,640	14,246	28,682	6,970	219,608
Represented by:							
Cost	409,226	8,134	102,171	75,520	50,776	6,970	652,797
Accumulated depreciation	(267,061)	(229)	(82,531)	(61,274)	(22,094)	-	(433,189)
	142,165	7,905	19,640	14,246	28,682	6,970	219,608

12. Demand liabilities

	Sept 2012 $'000	Sept 2011 $'000
Demand liabilities - foreign		
Foreign deposits	5,687	6,113
Government special accounts	191,746	48,812
	197,433	**54,925**
Demand liabilities - local		
Notes in circulation	5,646,570	5,027,005
Coins in circulation	184,533	175,142
Deposits by commercial banks	20,106,640	19,537,269
Deposits by non-banking financial institutions	343,519	336,223
Statutory deposits - insurance companies	34,229	18,646
Deposits by government and government agencies	1,897,617	2,847,375
Deposits by other current accounts	5,513,454	3,161,298
Deposits by regional and international institutions	76,139	78,417
	33,802,701	**31,181,375**

Deposits by financial institutions

The statutory cash reserves for commercial banks and non-bank financial institutions remained unchanged at 17% and 9% of their prescribed liabilities, respectively.

In addition to the statutory cash reserve, the commercial banks continued to hold a secondary reserve of 2% of their prescribed liabilities. Effective February 2011, the Central Bank made a decision to de-link the remuneration of the secondary reserve from the Repo rate and to pay, until further notice, a fixed rate of 0.25%. This rate prevailed to the end of September 2012.

Additionally, commercial banks held various deposits/bills as part of the monetary policy of the Bank to absorb liquidity in the system. These instruments comprise the following:

- A deposit of $1.5 billion which matures on 28 December 2012;
- A deposit of $2.0 billion which matures on 2 November 2012;
- A deposit of $1.49 billion which matures on 15 March 2013;
- A deposit of $1 billion which matures on 3 May 2013

13. Accounts payable

	Sept 2012 $'000	Sept 2011 $'000
Accounts payable - Foreign		
Bilateral accounts	2,119	7,209
Pending Trades - Investments Purchased	6,093,189	6,202,759
Other Payables	614	4,774
	6,095,922	**6,214,742**
Accounts payable - Local		
Trade payables and accrued charges	97,591	95,225
Interest payable	16,025	32,459
Unclaimed monies	9,398	7,502
Government special accounts	131,489	133,482
Blocked accounts	22,908,273	23,569,987
Promissory Notes due to First Citizens Bank Ltd. (Note 24)	1,880,264	1,879,952
Other payables	17,063	12,700
	25,060,103	**25,731,307**

14. Provisions

The Bank has adopted a prudent approach for provisioning in order to maintain adequate capacity to fulfil its functions. This accounting treatment reflects the limitations on the creation of reserves set out in Section 35 of the Central Bank Act. The Act specifies the terms and conditions governing General and Special Reserve funds and the creation of provisions for bad and doubtful debts, depreciation in assets, contributions to staff pension benefits and other contingencies, before payment of the net surplus for the financial year to the GORTT. This is a departure from the definition outlined in IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The provisions shown on the Statement of Financial Position comprise:

Provisions	Sept 2012 $'000	Restated Sept 2011 $'000
Gold reserve	505,402	443,179
Foreign currency exchange rate reserves	4,901,301	5,223,183
Pension reserve	205,846	210,595
Revaluation reserve on investments	206,306	643,749
	5,818,855	6,520,706

15. Income from foreign currency assets

	Sept 2012 $'000	Sept 2011 $'000
Income from Foreign Currency Assets		
Interest on United States Dollar balances & securities	454,650	792,293
Interest on Sterling balances & securities	4,689	10,487
Interest on other foreign balances & securities	11,439	27,838
Other income	975	787
Currency losses realized	(10,521)	(113,034)
Gains realized on disposal and amortization of investments	704,370	408,835
	1,165,602	1,127,206
Expenses from Foreign Currency Assets		
Investment expenses	(24,555)	(24,425)
Losses realized on disposal and amortization of investments	(391,043)	(404,437)
	(415,598)	(428,862)
Net income from Foreign Currency Assets	750,004	698,344

16. Interest and other income from local currency assets

	Sept 2012 $'000	Sept 2011 $'000
Interest Income		
Loans	298,300	214,458
Other investments	9,420	8,455
	307,720	**222,913**
Other Income		
General earnings	2,450	638
Income from International Monetary Fund	1,128	3,279
Dividends	2,892	6,852
Fees charged to financial institutions	30,693	8,898
Profit on sale of assets	463	226
Heritage and Stabilization Fund management fees	8,391	7,309
Other	1,807	1,405
	47,824	**28,607**

17. Other operating expenses

	Sept 2012 $'000	Sept 2011 $'000
Other operating expenses include:		
National Financial Literacy Program contributions	-	2,219
Advertising and public relations	3,809	2,366
Computer expenses	11,298	15,792
Electricity	4,538	4,051
Insurance	2,554	2,749
Loss on disposal of assets	55	80
Maintenance cost	17,095	20,204
Printing and stationery	3,360	3,562
Professional fees	2,144	5,491
Decrease in net retirement benefit asset (Note 7)	4,749	29,307
CL Financial expenses (Note 24)	33,785	81,390

18. Taxation

	Sept 2012 $'000	Sept 2011 $'000
Business Levy	-	(46)
Tax paid/payable by the Bank was calculated as follows:		
Net surplus before taxation	613,673	535,761
Corporation tax @ 25%	153,418	133,940
Income/expenses not subject to tax	(153,418)	(133,940)
Business levy	-	(46)
Tax charge	-	(46)

19. Capital commitments

There was $7,129,808 in outstanding commitments for capital expenditure as at 30 September 2012 (30 September 2011 – $5,499,054).

20. Leasehold obligations – operating leases

a. Operating leases where the Bank is the lessor

The Bank currently has two lease arrangements for offices located in the Bank's building. The tenants are charged a monthly rental and service fees based on the square footage occupied.

b. Operating leases where the Bank is the lessee

The Bank also leases equipment and premises under operating lease arrangements. The leases have varying terms, escalation clauses and renewal rights.

21. Comparative figures – prior year adjustment

The Bank began operating a self-insured medical plan for its employees and retirees effective January 2010. Participating retirees were initially required to pay the whole premium, but with effect from 1 January 2011 the Bank began to subsidize the retirees by paying 50% of the premium rate for Member Only coverage. The provision of this subsidy to retirees meets the definition of a post-employment benefit under IAS 19-"Employee Benefits". Consequently, the amount reported as at September 2011 for the Retirement Benefit Asset was restated as follows:

Statement of Comprehensive Income

	Audited Sept 2011 $'000	Restated Sept 2011 $'000	Movement Sept 2011 $'000
Income from local currency assets			
Decrease in provisions	134,054	159,535	25,481
	134,054	**159,535**	**25,481**
Operating expenses			
Salaries and related expenses	138,480	163,961	25,481
	138,480	**163,961**	**25,481**

Statement of Financial Position

	Audited Sept 2011 $'000	Restated Sept 2011 $'000	Movement Sept 2011 $'000
ASSETS			
Local currency assets			
Pension asset	236,076	210,595	(25,481)
Net assets	**236,076**	**210,595**	**(25,481)**
LIABILITIES			
Local currency liabilities			
Provisions	6,546,187	6,520,706	(25,481)
Net liabilities	**6,546,187**	**6,520,706**	**(25,481)**

22. Capital

	Sept 2012 $'000	Sept 2011 $'000
Authorized capital	800,000	800,000
Paid-up capital	800,000	800,000

23. Related party transactions

a. *Government of the Republic of Trinidad and Tobago*

The Bank as part of its regular operations enters into various transactions with the GORTT, state owned entities, state agencies and local government bodies. It should be noted that all transactions are done at arms' length and in accordance with normal business practices. Transactions and balances with the Bank and these entities are listed below:

	Sept 2012 $'000	Sept 2011 $'000
Interest income from investments	22,998	12,558
Interest expense	102,995	89,224
Assets		
Local currency investment securities	21,450	22,111
Liabilities		
Demand liabilities - foreign	191,746	48,812
Demand liabilities - local	2,861,347	4,038,627
Accounts payable	22,933,400	23,597,106

b. *Related Enterprises*

These Financial Statements include the following transactions with related enterprises (see Note 6) during the year:

	Sept 2012 $'000	Sept 2011 $'000
Income		
Dividend Income	6,252	3,252
Rental Income	905	1,057
Other Income	147	142
	7,304	4,451
Expenditure		
Salaries and related expenditure	1,047	929
Other expenses	-	2,219
	1,047	3,148
Ending period balances		
Investments in related enterprises	56,382	56,382
Receivables from related enterprises	1,371	1,053
Payables to related enterprises	6,903	5,368

c. *Key Management Compensation*

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the key activities of the Bank, directly or indirectly, including all executives, senior, middle and junior managers.

	Sept 2012 $'000	Sept 2011 $'000
Short-term employee benefits	51,311	45,053
Directors' fees	1,815	1,198

24. CL Financial Group Matter

During January 2009, representatives of CL Financial Limited (CLF) met with the Bank and the Ministry of Finance requesting urgent liquidity support for CLICO Investment Bank Limited (CIB), CLICO (Trinidad) Limited (CLICO) and British American Insurance Co. (Trinidad) Limited (BAT). On 30 January 2009, in an effort to protect the interest of depositors and policyholders, the Minister of Finance entered into a Memorandum of Understanding with CLF for the provision of liquidity support for CIB, CLICO and BAT under certain conditions.

On 31 January 2009 the Bank assumed control of CIB, under Section 44D of the Central Bank Act (the Act) and consequent to an amendment to the Act, it also assumed control of CLICO and BAT on 13 February 2009.

As a result of these actions, the Bank currently has in its Financial Statements the following assets and liabilities:

	Sept 2012 $'000	Sept 2011 $'000
Assets		
Amounts recoverable from CLF/GORTT	2,068,925	2,013,592
Liabilities		
Promissory Notes due to First Citizens Bank Limited	1,880,264	1,879,952

The Bank has been named as a party to the ongoing Commission of Enquiry into CLF and its related financial institutions. The Bank has incurred significant legal and professional fees associated with this matter.

In addition, the Bank together with CLICO, has initiated civil proceedings against former executives of CLICO. In the context of delays with criminal action, this suit was filed with the dual objective of bringing those responsible to justice and recovering monies spent by the GORTT. The outcome of this matter cannot reliably be estimated at this time.

Legal, consultancy and other costs incurred in relation to all CLF matters have been disclosed in Note 17.

25. Statement of financial position-current/non current distinction

	Sept 2012		
ASSETS	Current $'000	Non-Current $'000	Total $'000
Foreign currency assets			
Foreign currency cash and cash equivalents	32,372,487	-	32,372,487
Foreign currency investment securities	7,460,997	19,381,738	26,842,735
Foreign receivables	6,007,948	-	6,007,948
Subscriptions to international financial institutions	-	3,414,035	3,414,035
International Monetary Fund - Holdings of Special Drawing Rights	-	2,674,246	2,674,246
	45,841,432	25,470,019	71,311,451
Local currency assets			
Local currency cash and cash equivalents	1,716,096	-	1,716,096
Local currency investment securities	5,392	262,822	268,214
Retirement benefit asset	-	205,846	205,846
Accounts receivable and prepaid expenses	2,151,368	14,643	2,166,011
Other assets	1,597	269,594	271,191
Property, plant and equipment	-	219,608	219,608
	3,874,453	972,513	4,846,966
TOTAL ASSETS	49,715,885	26,442,532	76,158,417
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	197,433	-	197,433
International Monetary Fund - Allocation of Special Drawing Rights	-	3,115,305	3,115,305
Accounts payable	6,095,922	-	6,095,922
	6,293,355	3,115,305	9,408,660
Local currency liabilities			
Demand liabilities - local	33,802,701	-	33,802,701
Accounts payable	2,005,148	23,054,955	25,060,103
Provision for transfer of surplus to government	555,332	-	555,332
Provisions	-	5,818,855	5,818,855
	36,363,180	28,873,810	65,236,991
CAPITAL AND RESERVES			
Capital	-	800,000	800,000
General reserve	-	702,955	702,955
Retained earnings	-	9,811	9,811
	-	1,512,766	1,512,766
TOTAL LIABILITIES, CAPITAL AND RESERVES	42,656,536	33,501,880	76,158,417

25. Statement of financial position-current/non current distinction (cont'd)

	Restated Sept 2011		
ASSETS	Current $'000	Non-Current $'000	Total $'000
Foreign currency assets			
Foreign currency cash and cash equivalents	27,162,496	-	27,162,496
Foreign currency investment securities	2,284,620	28,584,297	30,868,917
Foreign receivables	5,601,243	-	5,601,243
Subscriptions to international financial institutions	-	3,586,666	3,586,666
International Monetary Fund - Holdings of Special Drawing Rights	-	2,823,789	2,823,789
	35,048,359	34,994,752	70,043,111
Local currency assets			
Local currency cash and cash equivalents	1,618,695	-	1,618,695
Local currency investment securities	5,173	281,754	286,927
Retirement benefit asset	-	210,595	210,595
Accounts receivable and prepaid expenses	2,252,209	14,601	2,266,810
Other assets	1,403	268,373	269,776
Property, plant and equipment	-	230,767	230,767
	3,877,480	1,006,090	4,883,570
TOTAL ASSETS	38,925,839	36,000,842	74,926,681
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	54,925	-	54,925
International Monetary Fund - Allocation of Special Drawing Rights	-	3,290,364	3,290,364
Accounts payable	6,214,742	-	6,214,742
	6,269,667	3,290,364	9,560,031
Local currency liabilities			
Demand liabilities - local	31,181,375	-	31,181,375
Accounts payable	2,011,217	23,720,090	25,731,307
Provision for transfer of surplus to government	478,837	-	478,837
Provisions	-	6,520,706	6,520,706
	33,671,429	30,240,796	63,912,225
CAPITAL AND RESERVES			
Capital	-	800,000	800,000
General reserve	-	641,252	641,252
Retained earnings	-	13,173	13,173
	-	1,454,425	1,454,425
TOTAL LIABILITIES, CAPITAL AND RESERVES	39,941,096	34,985,585	74,926,681

26. Parent

The Financial Statements of the Central Bank of Trinidad and Tobago are presented below:

Statement of Financial Position
As at 30 September 2012

	NOTES	Sept 2012 $'000	Restated Sept 2011 $'000
ASSETS			
Foreign currency assets			
Foreign currency cash and cash equivalents	4	32,372,487	27,162,496
Foreign currency investment securities	5	26,842,735	30,868,917
Foreign receivables	8	6,007,948	5,601,243
Subscriptions to international financial institutions	9	3,414,035	3,586,666
International Monetary Fund - Holdings of Special Drawing Rights		2,674,246	2,823,789
		71,311,451	70,043,111
Local currency assets			
Local currency cash and cash equivalents	4	1,716,096	1,618,695
Local currency investment securities	5,6	262,214	280,927
Retirement benefit asset	7	205,846	210,595
Accounts receivable and prepaid expenses	8	2,166,040	2,266,834
Other assets	10	271,191	269,776
Property, plant and equipment	11	219,608	230,767
		4,840,995	4,877,594
TOTAL ASSETS		76,152,446	74,920,705
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	12	197,433	54,925
International Monetary Fund - Allocation of Special Drawing Rights		3,115,305	3,290,364
Accounts payable	13	6,095,922	6,214,742
		9,408,660	9,560,031
Local currency liabilities			
Demand liabilities - local	12	33,802,701	31,181,375
Accounts payable	13	25,063,943	25,738,504
Provision for transfer of surplus to government		555,332	478,837
Provisions	14	5,818,855	6,520,706
		65,240,831	63,919,422
CAPITAL AND RESERVES			
Capital	19	800,000	800,000
General reserve		702,955	641,252
		1,502,955	1,441,252
TOTAL LIABILITIES, CAPITAL AND RESERVES		76,152,446	74,920,705

26. Parent (cont'd)

Statement of Comprehensive Income
For the year ended 30 September 2012

	Sept 2012 $'000	Sept 2011 $'000
Income from foreign currency assets		
Interest and other income	471,753	831,405
Investment expense	(24,555)	(24,425)
	447,198	806,979
Loss from currency translations	(10,521)	(113,034)
Net gains realized on disposal and amortization of investments	313,327	4,398
	750,004	**698,344**
Income from local currency assets		
Interest income	307,720	222,913
Rental income	1,239	1,066
Other income	51,184	25,007
	360,143	**248,986**
Decrease in provisions	4,809	159,535
Total income	**1,114,956**	**1,106,865**
Operating expenses		
Printing of notes and minting of coins	64,560	52,598
Salaries and related expenses	163,720	163,961
Interest paid	145,762	172,078
Directors' fees	1,807	1,187
Depreciation	30,926	29,410
Other operating expenses	91,146	155,591
Total operating expenses	**497,921**	**574,825**
Net surplus for the period	**617,035**	**532,040**
Total comprehensive income for the period	**617,035**	**532,040**

26. Parent (cont'd)

Statement of Changes in Equity
For the year ended 30 September 2012

	Issued and Fully Paid Up Capital $'000	General Reserves $'000	Retained Earnings $'000	Total $'000
Balance as at 1 October 2010	800,000	588,049	-	1,388,049
Net surplus for the period	-	-	532,040	532,040
Transfer of surplus to Consolidated Fund	-	-	(478,837)	(478,837)
Transfer to general reserve	-	53,203	(53,203)	-
Balance as at 30 September 2011	800,000	641,252	-	1,441,252
Balance as at 1 October 2011	800,000	641,252	-	1,441,252
Net surplus for the period	-	-	617,035	617,035
Transfer of surplus to Consolidated Fund	-	-	(555,332)	(555,332)
Transfer to general reserve	-	61,703	(61,703)	-
Balance as at 30 September 2012	800,000	702,955	-	1,502,955

26. Parent (cont'd)

Statement of Cash Flows
For the year ended 30 September 2012

	Sept 2012 $'000	Restated Sept 2011 $'000
Cash flows from operating activities		
Net surplus for the year before taxation	617,035	532,040
Adjustments for:		
Depreciation	30,926	29,410
Net gain on disposal of fixed assets	(408)	(146)
Interest income	(779,473)	(1,054,318)
Interest expense	145,762	172,078
Dividend income	(6,252)	(3,252)
Provisions	(4,809)	(159,535)
Cash flow before changes in operating assets and liabilities	**2,781**	**(483,723)**
Changes in operating assets and liabilities		
(Increase)/Decrease in accounts receivable & prepaid expenses	(405,903)	1,971,376
Increase in other assets	(12,641)	(8,190)
Decrease in pension asset	4,749	29,307
Increase/(Decrease) in accounts payable and other liabilities	1,986,887	(29,939)
Net cash flow from operations	**1,575,872**	**1,478,831**
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,829)	(26,672)
Proceeds from sale of property, plant and equipment	470	245
Net proceeds from sale of investments/(purchase of investments)	3,359,237	(129,179)
Net repayment of loans and advances	34,830	30,243
Interest received	879,508	1,071,526
Dividends received	6,252	3,252
Interest paid	(162,195)	(177,334)
(Increase)/Decrease in International Monetary Fund Holding of Special Drawing Rights	(25,516)	34,388
Payment to Consolidated Fund	(478,836)	(478,605)
Net cash flow from investing activities	**3,593,921**	**327,863**
Cash flows from financing activities		
Lease payment	11,226	11,006
Net cash flow from financing activities	**11,226**	**11,006**
Net increase in cash and cash equivalents	5,181,019	1,817,700
Foreign currency differences in monetary assets & liabilities	126,372	(111,243)
Cash and cash equivalents, beginning of period	28,781,191	27,074,734
Cash and cash equivalents, end of period	**34,088,583**	**28,781,191**

APPENDICES

TABLE A.1
CURRENCY IN CIRCULATION, 2008 - 2012
(Dollars Thousand)

End of Month	Notes (Old TT)	Notes (Republic)	Total Notes in Circulation	Coins	Total Currency in Circulation
Sep-08	19,044	3,812,333	3,831,377	149,916	3,981,293
Sep-09	19,044	4,133,841	4,152,885	158,685	4,311,570
Sep-10	19,044	4,543,137	4,562,181	166,862	4,729,043
Sep-11	19,043	4,998,895	5,017,938	175,127	5,193,065
Oct-11	19,043	5,053,501	5,072,544	175,895	5,248,439
Nov-11	19,043	5,206,974	5,226,017	176,576	5,402,593
Dec-11	19,043	5,741,689	5,760,732	178,012	5,938,744
Jan-12	19,043	5,191,686	5,210,729	178,370	5,389,099
Feb-12	19,043	5,376,742	5,395,785	178,828	5,574,613
Mar-12	19,043	5,372,631	5,391,674	179,474	5,571,148
Apr-12	19,043	5,274,512	5,293,555	180,129	5,473,684
May-12	19,044	5,441,226	5,460,270	180,848	5,641,118
Jun-12	19,044	5,372,456	5,391,500	181,740	5,573,240
Jul-12	19,044	5,551,604	5,570,648	182,757	5,753,405
Aug-12	19,044	5,645,359	5,664,403	183,402	5,847,805
Sep-12	19,044	5,622,561	5,641,605	184,517	5,826,122

Source: Central Bank of Trinidad and Tobago

TABLE A.2

CENTRAL BANK STATEMENT OF LIABILITIES AND ASSETS
2011 – 2012

(TT Dollars Thousands)

	LIABILITIES								ASSETS							
		DEPOSITS							EXTERNAL ASSETS							
End of Month	Currency in Circulation Total	Commercial Banks	Non-Bank Financial Institutions	Government & Governmental Organizations [1]	International Organizations	Other Liabilities	Capital & Reserve Funds	Total Liabilities	Balances With Banks Abroad [2]	Other Foreign Securities	Gold Subscription To International Monetary Fund	Subscriptions to International Organizations	SDR's	TT Dollar Securities	Other Assets Including Fixed Assets	Total Assets
2010/11																
OCTOBER	4,779,171	17,249,419	383,741	5,692,361	3,042,088	36,955,583	1,388,049	69,490,412	24,910,827	35,296,422	3,179,114	120,793	2,609,901	299,737	3,073,618	69,490,412
NOVEMBER	4,930,716	15,886,446	366,789	4,914,052	3,042,088	38,341,656	1,388,049	68,869,796	22,943,545	36,253,771	3,179,114	120,887	2,609,972	353,926	3,408,581	68,869,796
DECEMBER	5,308,030	16,181,024	360,128	6,908,407	3,042,088	38,308,865	1,388,049	71,496,591	26,245,952	25,616,630	3,179,114	121,031	2,609,972	395,555	13,328,337	71,496,591
JANUARY	4,820,933	16,186,237	352,275	8,112,112	3,170,576	37,044,472	1,388,049	71,074,654	25,251,746	35,890,908	3,313,390	121,100	2,720,209	478,662	3,298,639	71,074,654
FEBRUARY	4,911,077	15,992,335	349,168	7,712,741	3,170,576	37,379,823	1,388,049	70,903,769	24,565,060	36,499,482	3,313,390	121,095	2,720,330	534,584	3,149,828	70,903,769
MARCH	5,097,907	16,380,180	350,554	7,964,706	3,170,576	39,965,866	1,388,049	74,317,838	27,246,725	31,219,800	3,313,390	121,146	2,720,330	602,592	9,093,855	74,317,838
APRIL	5,135,311	15,292,116	348,512	10,604,765	3,333,786	38,635,768	1,388,049	74,738,307	29,865,239	29,972,611	3,483,952	121,208	2,860,319	644,200	7,790,778	74,738,307
MAY	5,157,158	15,607,803	347,870	9,321,669	3,258,282	39,047,954	1,388,049	74,128,785	28,260,992	30,238,418	3,405,046	46,273	2,795,841	420,102	8,962,113	74,128,785
JUNE	5,168,253	18,007,102	347,107	8,682,671	3,258,282	38,815,551	1,388,049	75,667,015	28,410,960	31,354,044	3,405,046	46,285	2,795,841	417,762	9,237,077	75,667,015
JULY	5,194,382	17,230,139	342,243	8,175,582	3,257,812	38,465,104	1,388,049	74,053,311	28,470,006	31,345,498	3,404,556	46,130	2,795,438	347,056	7,644,627	74,053,311
AUGUST	5,347,565	19,115,626	338,513	5,193,111	3,257,812	41,842,537	1,388,049	76,483,213	27,234,504	30,683,706	3,404,556	46,160	2,795,853	289,902	12,028,532	76,483,213
SEPTEMBER	5,202,147	19,537,269	336,223	6,087,088	3,290,364	39,051,843	1,441,252	74,946,186	27,162,496	30,868,917	3,438,574	148,092	2,823,789	280,927	10,223,391	74,946,186
2011/12																
OCTOBER	5,258,248	20,266,991	340,420	5,070,600	3,290,364	39,001,063	1,441,252	74,668,938	28,772,321	30,474,367	3,438,574	148,714	2,823,789	315,634	8,695,539	74,668,938
NOVEMBER	5,410,987	20,119,633	332,407	4,636,171	3,290,364	40,468,243	1,441,252	75,699,057	28,190,824	30,293,609	3,438,574	148,745	2,824,111	352,509	10,450,685	75,699,057
DECEMBER	5,949,130	21,077,904	350,066	6,595,011	3,164,359	39,606,642	1,441,252	78,184,364	32,433,715	30,685,965	3,306,893	148,784	2,715,961	281,255	8,611,791	78,184,364
JANUARY	5,397,091	20,431,536	355,475	7,563,525	3,164,359	41,228,274	1,441,252	79,581,512	30,958,588	29,436,578	3,306,893	148,665	2,715,961	280,732	12,734,095	79,581,512
FEBRUARY	5,582,615	21,062,596	343,145	6,448,471	3,193,402	40,073,387	1,441,252	78,144,868	31,354,336	29,628,975	3,337,245	148,707	2,741,042	283,372	10,651,191	78,144,868
MARCH	5,577,611	21,586,454	338,473	7,179,054	3,153,174	38,357,864	1,441,252	77,633,882	32,581,478	29,484,297	3,295,203	148,817	2,706,511	274,658	9,142,918	77,633,882
APRIL	5,480,184	20,892,554	342,356	8,033,584	3,187,539	37,158,952	1,441,252	76,536,421	32,935,187	29,366,930	3,331,117	148,810	2,735,971	274,269	7,744,137	76,536,421
MAY	5,648,502	19,887,026	328,879	8,537,207	3,187,539	36,435,222	1,441,252	75,465,627	32,299,472	29,295,811	3,331,117	148,725	2,736,113	293,941	7,360,448	75,465,627
JUNE	5,581,025	19,884,049	326,523	8,343,369	3,115,305	38,167,669	1,441,252	76,859,192	33,632,873	28,587,314	3,255,629	148,835	2,674,108	271,014	8,289,419	76,859,192
JULY	5,761,393	20,357,262	319,651	6,320,485	3,115,305	37,915,785	1,441,252	75,231,133	32,319,819	28,114,378	3,255,629	148,666	2,674,108	271,005	8,447,528	75,231,133
AUGUST	5,853,130	21,280,275	314,727	4,276,641	3,115,305	38,254,294	1,441,252	74,535,624	31,036,171	27,491,739	3,255,629	148,699	2,674,246	270,781	9,658,359	74,535,624
SEPTEMBER	5,831,104	20,106,640	343,519	7,487,211	3,115,305	37,765,712	1,502,955	76,152,446	32,372,487	26,842,735	3,255,629	158,406	2,674,246	262,214	10,586,729	76,152,446

Source: Central Bank of Trinidad and Tobago

[1] Includes Exchequer, Trust Funds and Other Public Deposits, Governmental SDR Allocation and Other Deposits

[2] Includes Foreign Currencies on hand

TABLE A.3

COMMERCIAL BANKS:

AVERAGE DEPOSIT LIABILITIES, REQUIRED CASH RESERVES AND ACTUAL CASH RESERVES

for Period Ending September 2012

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves ($000)	Average Cash Reserves ($000)
5-Oct-11	54,919,194	9,336,263	13,271,964
12-Oct-11	55,203,694	9,384,628	14,227,685
19-Oct-11	55,265,218	9,395,087	13,753,447
26-Oct-11	55,532,312	9,440,493	14,332,989
2-Nov-11	55,762,353	9,479,600	14,949,880
9-Nov-11	55,959,476	9,513,111	15,176,643
16-Nov-11	56,406,441	9,589,095	14,925,714
23-Nov-11	56,597,724	9,621,613	13,382,285
30-Nov-11	56,890,153	9,671,326	14,481,830
6-Dec-11	56,890,153	9,671,326	14,822,473
13-Dec-11	56,716,729	9,641,844	15,310,033
20-Dec-11	56,805,612	9,656,954	15,437,346
27-Dec-11	57,003,612	9,690,614	15,783,825
4-Jan-12	58,191,994	9,892,639	14,049,477
11-Jan-12	58,919,535	10,016,321	14,066,751
18-Jan-12	59,022,194	10,033,773	13,512,337
25-Jan-12	58,911,265	10,014,915	15,012,169
1-Feb-12	58,420,441	9,931,475	14,575,913
8-Feb-12	57,981,553	9,856,864	14,799,024
15-Feb-12	57,908,359	9,844,421	15,082,770
22-Feb-12	57,843,276	9,833,357	15,175,312
29-Feb-12	57,918,218	9,846,097	15,404,232
7-Mar-12	57,874,282	9,838,628	16,027,980
14-Mar-12	58,071,488	9,872,153	16,162,520
21-Mar-12	58,376,453	9,923,997	14,861,266
28-Mar-12	58,862,129	10,006,562	14,526,627
4-Apr-12	59,213,918	10,066,366	13,141,163
11-Apr-12	59,535,518	10,121,038	13,456,152
18-Apr-12	59,598,735	10,131,785	13,331,569
25-Apr-12	59,490,959	10,113,463	13,202,404
2-May-12	59,422,259	10,101,784	13,374,357
9-May-12	59,266,247	10,075,262	12,315,817
16-May-12	59,286,529	10,078,710	12,376,295
23-May-12	59,261,682	10,074,486	12,250,039
30-May-12	59,119,047	10,050,238	12,377,717
6-Jun-12	59,161,535	10,057,461	11,624,942
13-Jun-12	59,307,506	10,082,276	12,189,868
20-Jun-12	59,253,394	10,073,077	12,276,079
27-Jun-12	59,515,347	10,117,609	12,149,633
4-Jul-12	59,497,241	10,114,531	11,845,629
11-Jul-12	59,685,500	10,146,535	12,015,505
18-Jul-12	59,591,606	10,130,573	12,288,148
25-Jul-12	59,382,700	10,095,059	12,718,603
1-Aug-12	59,092,618	10,045,745	13,179,608
8-Aug-12	58,715,176	9,981,580	13,043,063
15-Aug-12	59,023,600	10,034,012	14,308,631
22-Aug-12	59,305,294	10,081,900	14,207,668
29-Aug-12	60,105,147	10,217,875	13,774,574
5-Sep-12	60,705,006	10,319,851	14,281,800
12-Sep-12	61,204,118	10,404,700	13,957,253
19-Sep-12	61,554,629	10,464,287	14,000,755
26-Sep-12	61,361,729	10,431,494	15,599,282

Source: Central Bank of Trinidad and Tobago

TABLE A.4

NON-BANK FINANCIAL INSTITUTIONS:

AVERAGE DEPOSIT LIABILITIES, REQUIRED CASH RESERVES AND ACTUAL CASH RESERVES

for Period Ending September 2012

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves ($000)	Average Cash Reserves ($000)
5-Oct-11	1,585,956	142,736	144,342
12-Oct-11	1,573,478	141,613	143,352
19-Oct-11	1,557,956	140,216	141,954
26-Oct-11	1,552,767	139,749	142,109
2-Nov-11	1,552,911	139,762	141,590
9-Nov-11	1,559,556	140,360	142,163
16-Nov-11	1,564,933	140,844	142,670
23-Nov-11	1,557,556	140,180	142,024
30-Nov-11	1,552,556	139,730	141,594
7-Dec-11	1,600,422	144,038	145,916
14-Dec-11	1,647,633	148,287	150,153
21-Dec-11	1,691,111	152,200	154,063
28-Dec-11	1,748,800	157,392	159,254
4-Jan-12	1,764,600	158,814	160,546
11-Jan-12	1,755,556	158,000	159,747
18-Jan-12	1,750,633	157,557	166,442
25-Jan-12	1,730,756	155,768	164,663
1-Feb-12	1,699,933	152,994	161,898
8-Feb-12	1,689,833	152,085	160,999
15-Feb-12	1,678,833	151,095	152,897
22-Feb-12	1,672,333	150,510	152,333
29-Feb-12	1,672,222	150,500	152,333
7-Mar-12	1,662,144	149,593	151,433
14-Mar-12	1,653,700	148,833	150,682
21-Mar-12	1,639,933	147,594	149,439
28-Mar-12	1,620,089	145,808	147,661
4-Apr-12	1,614,900	145,341	147,200
11-Apr-12	1,608,456	144,761	146,627
18-Apr-12	1,601,289	144,116	145,992
25-Apr-12	1,582,778	142,450	144,325
2-May-12	1,566,489	140,984	142,851
9-May-12	1,547,356	139,262	141,114
16-May-12	1,529,000	137,610	139,434
23-May-12	1,521,722	136,955	138,793
30-May-12	1,513,078	136,177	138,856
6-Jun-12	1,507,122	135,641	137,588
13-Jun-12	1,501,311	135,118	136,992
20-Jun-12	1,494,333	134,490	392,203
27-Jun-12	1,486,133	133,752	135,711
4-Jul-12	1,480,600	133,254	135,211
11-Jul-12	1,458,700	131,283	136,314
18-Jul-12	1,432,689	128,942	130,905
25-Jul-12	1,410,233	126,921	128,836
1-Aug-12	1,386,589	124,793	128,839
8-Aug-12	1,375,189	123,767	125,617
15-Aug-12	1,369,944	123,295	125,129
22-Aug-12	1,363,378	122,704	124,550
29-Aug-12	1,356,222	122,060	123,903
5-Sep-12	1,355,256	121,973	123,799
12-Sep-12	1,367,333	123,060	124,859
19-Sep-12	1,379,644	124,168	125,940
26-Sep-12	1,393,056	125,375	127,109

Source: Central Bank of Trinidad and Tobago

CENTRAL BANK OF TRINIDAD & TOBAGO

ANNUAL REPORT 2012