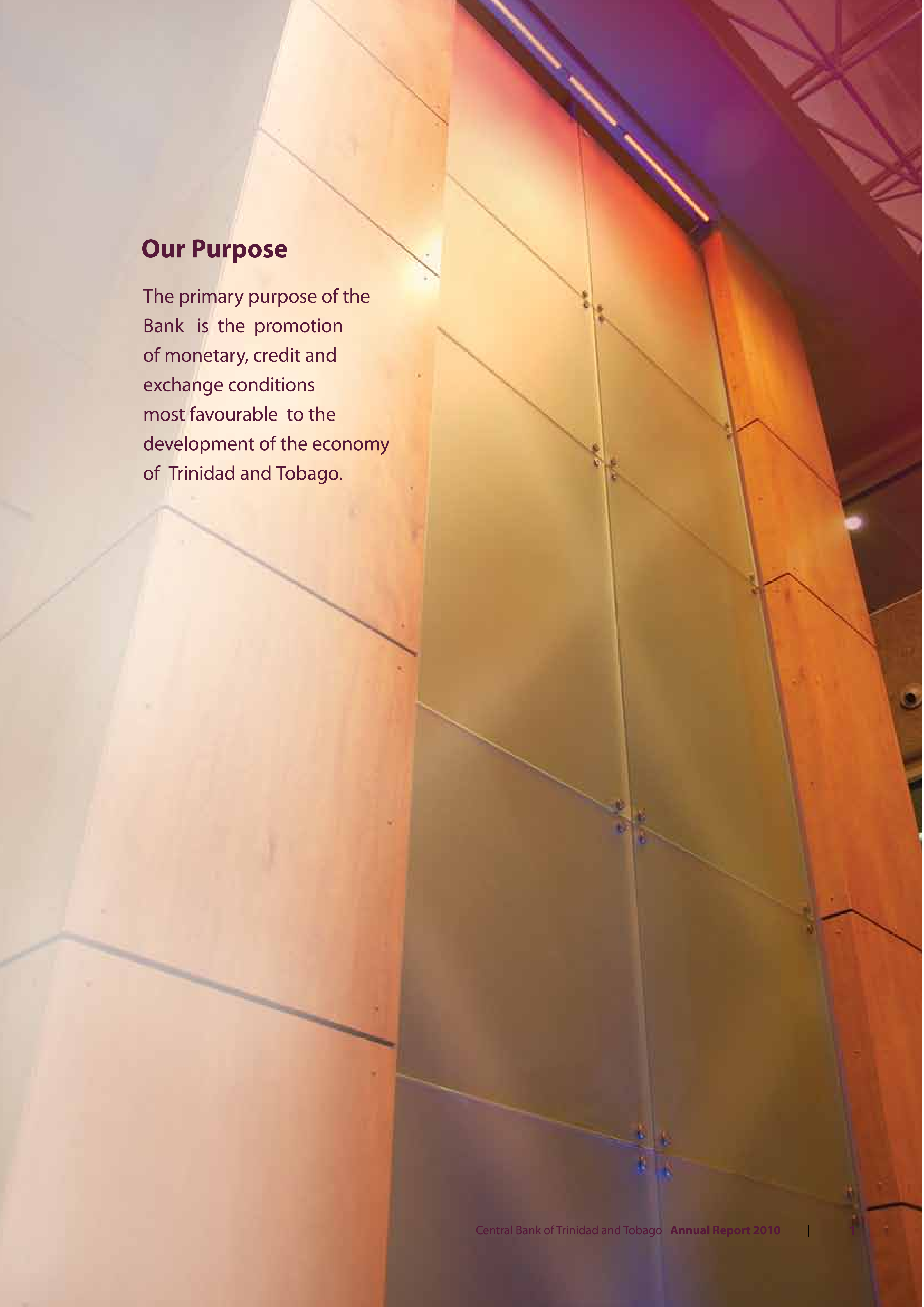
CENTRAL BANK OF
TRINIDAD & TOBAGO



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.

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Lloyd Pierre
Dovelyn Richmond

The cover image depicts the lighted panels found on the ground floor of the Central Bank of Trinidad and Tobago

The photos that represent the separator pages in the Annual Report are external shots of the Central Bank of Trinidad and Tobago at different angles.

Letter of Transmittal

CENTRAL BANK OF TRINIDAD & TOBAGO

Ewart S. Williams
Governor

December 31, 2010

The Honourable Winston Dookeran
Minister of Finance
Ministry of Finance
Eric Williams Finance Building
Independence Square
PORT OF SPAIN

REF: CB-G: 177/10

Dear Minister Dookeran

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, 2010, together with a copy of the Annual Audited Statement of Accounts certified by the Auditors.

Yours sincerely,

Ewart S. Williams

Encls.

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Governor's Foreword

Trinidad and Tobago went through a challenging year in 2010. While the marked decline in economic activity registered in the previous year was halted, the recovery in economic growth was much weaker than originally envisaged. The lukewarm economic performance in 2010 was mainly due to lower than expected public and private sector investment, lackluster demand for non-energy exports from the CARICOM region and exceptionally subdued consumer demand, related in part to an increase in unemployment, mainly in the construction and services sectors.

To compound the sluggish economic activity, headline inflation which fell to record low levels in 2009, accelerated to double-digits in 2010. The surge was however, due almost entirely to a weather-induced reduction in domestic agricultural output. Core inflation hovered between 4 and 5 per cent.

The urgent need to foster a credible economic recovery while reducing inflation to acceptable levels has created challenges for economic policy-making. The government's budget for FY 2011 has adopted a policy stance that focuses on the provision of incentives to stimulate private sector activity and the implementation of a large public sector investment programme that emphasizes infrastructural projects. While the projected deficit will imply a sizeable increase in borrowing, public debt is still expected to remain within manageable levels.

Governor's Foreword

For the past year, monetary policy has sought to provide support for an increase in private sector activity. However, success has so far been limited. While reductions in the policy interest rate have led to a decline in commercial bank interest rates, the fall in lending rates has not served to increase loan demand. Rather, financial savings have continued to increase at a rapid pace leaving banks with significant excess liquidity.

Conditions are ripe for a firmer recovery in 2011. The brighter outlook for the global economy should benefit the energy sector through higher prices and increased demand for petrochemicals. Progress in the resolution of organizational problems by the new administration promises to pave the way for accelerated policy implementation. This in turn will go a long way to stimulating private consumption and investment. The Central Bank's base case scenario is for an increase in GDP of around 1-2 per cent in 2011, which should at least lead to a decline, albeit small, in unemployment. Given the existence of ample spare capacity and with domestic agricultural prices already returning to more normal levels, headline inflation should recede to around 7 per cent.

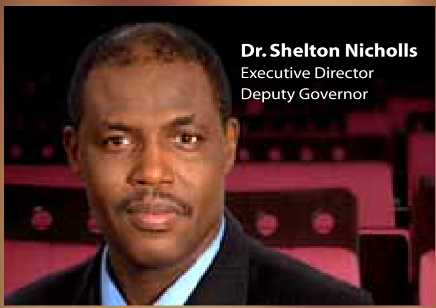
The Central Bank will need to play an important role in the recovery effort. Its challenge will be to support the increase in economic activity through further reductions in interest rates, while keeping a close eye for any resurgence of inflationary pressures. The Bank also has an ambitious agenda geared towards maintaining financial stability and enhancing the financial infrastructure that governs the non-bank system.

Governor
Ewart S. Williams

Board of Directors

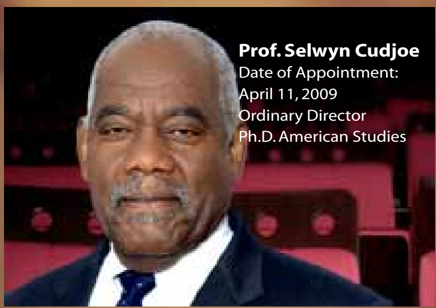
Ewart S. Williams
Chairman of the Board
Governor

Ms. Joan John
Executive Director
Deputy Governor



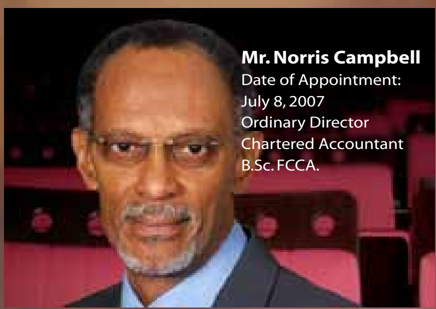
Dr. Shelton Nicholls
Executive Director
Deputy Governor

Ms. Alison Lewis
Date of Appointment:
November 29, 2007
Public Service Director
Permanent Secretary,
Ministry of Finance



Prof. Selwyn Cudjoe
Date of Appointment:
April 11, 2009
Ordinary Director
Ph.D. American Studies

Ms. Barbara Chatoor
Date of Appointment:
July 19, 2009
Ordinary Director
B.A., National University of Ireland
Diploma in Education, UWI, St. Augustine

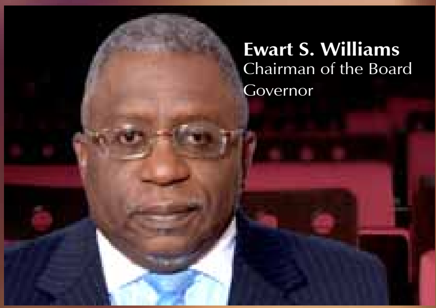


Mr. Norris Campbell
Date of Appointment:
July 8, 2007
Ordinary Director
Chartered Accountant
B.Sc. FCCA.

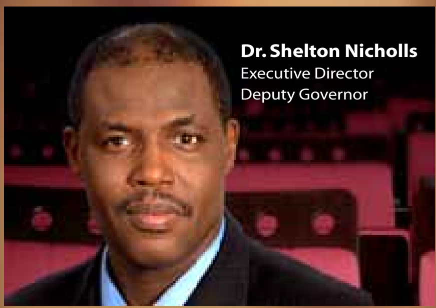
Ms. Amelia Carrington S.C.
Date of Appointment:
April 11, 2009
Ordinary Director
Attorney-at-Law

Mr. Carlyle Greaves
Date of Appointment:
April 11, 2009
Ordinary Director
M.A. Development Economics
M.A. Latin American Development Studies

Senior Management


Ewart S. Williams
Chairman of the Board
Governor

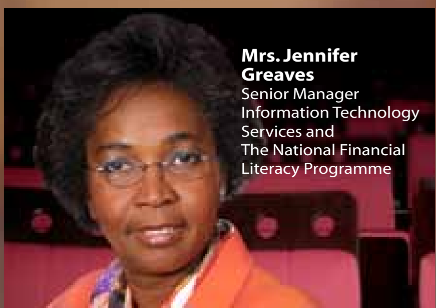

Ms. Joan John
Executive Director
Deputy Governor


Dr. Shelton Nicholls
Executive Director
Deputy Governor


Mr. Carl Hiralal
Inspector of Financial
Institutions


Mrs. Nicole Crooks
Senior Manager
Human Resource
and Corporate Services


Mr. Alister Noel
Senior Manager
Operations


Mrs. Jennifer Greaves
Senior Manager
Information Technology
Services and
The National Financial
Literacy Programme


Ms. Wendy Ho Sing
Deputy Inspector
Financial Institutions

Senior Management

Mr. Patrick Solomon
Senior Manager
Risk Management and
Corporate Governance

Ms. Marie Borely
Financial Controller

Dr. Alvin Hilaire
Chief Economist and
Director of Research

Managers and Departmental Heads

Dr. Penelope Forde
Advisor to the Governor

Mrs. Elizabeth Austin
Manager, National Financial Literacy Programme

Ms. Sharon Braithwaite
Manager, Insurance and Pensions Unit, FISD

Ms. Nicole Chapman
Manager, Legal and Corporate Secretariat Services

Mrs. Zoraida Dookie
Manager, Information Technology Services

Ms. Wendy D'Arbasie
Manager, Domestic Market Operations

Mrs. Joycelyn Opadeyi
Manager, Procurement and Support Services

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

Managers and Departmental Heads


Ms. Suzanne Roach
Manager, Internal Audit


Mr. Lester Shim
Manager, Reserve Management


Mrs. Heather Huggins
Manager, Human Resources


Mr. Carl Stewart
Manager, Credit Unions, FISD


Mrs. June Stewart
Manager, Knowledge and Information Management


Mr. Richard Ross
Chief Engineer, Facilities Services


Ms. Janice Woods
Manager, Banking Operations

Assistant Managers

Mr. Victor Maloney
Assistant Manager,
Corporate
Communications

Ms. Sharon Villafana
Payments System
Co-ordinator,
Payments System

Dr. Earl Boodoo
Assistant Manager,
Research

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

Mr. Richard Frederick
Security Operations
Officer

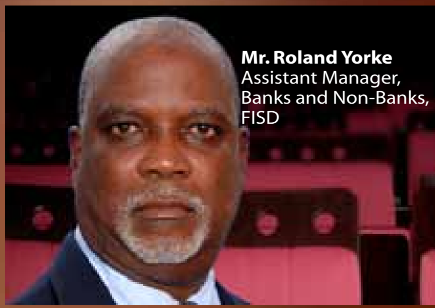
Mr. Garnett Samuel
Assistant Manager,
Research

Mr. Gaston Harrison
Assistant Manager,
Human Resources

Mrs. Denise Rodriguez-Archie
Assistant Manager
Internal Audit

Assistant Managers

Mr. Adrian Saunders
Assistant Manager,
Market Conduct, FISD



Mr. Roland Yorke
Assistant Manager,
Banks and Non-Banks,
FISD

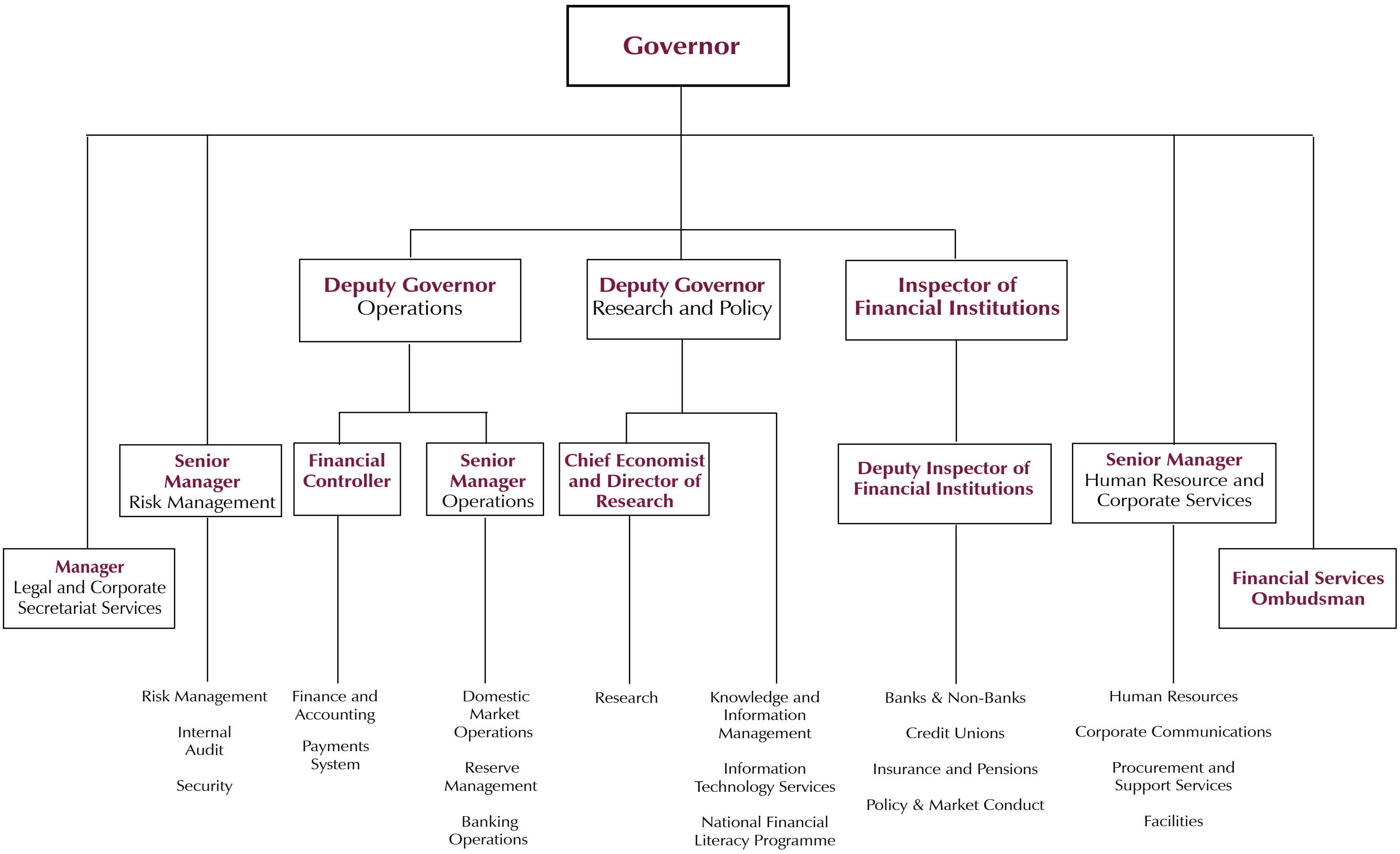
Specialist Staff

Mr. Anthony Roberts
Chief Actuary, FISD

Mrs. Jacinta Sohun
Insurance Advisor,
FISD

**Ms. Kavita
Surat-Singh**
Advisor, FISD

Organizational Structure - As at September 2010



Review of Activities
2009-2010


Review of Activities
2009-2010

HIGHLIGHTS

Led by strong performances in large emerging market countries, a global economic recovery started to take hold in 2009/2010. Persistently high unemployment in the US as well as banking crises in Europe brought to the fore the major ongoing challenges for fiscal policy and sovereign debt sustainability. In Trinidad and Tobago, the economic recovery has remained weak while supply shocks pushed headline inflation into double digits. The highlights of the Bank's activities during the financial year included:

- The implementation of an accommodative monetary policy stance involving successive reductions of the repo rate to its lowest historical level in order to support an expansion of private sector activity.

- The Bank continued to work on strengthening the legislative and regulatory framework of the financial system. A draft Insurance Bill and Regulations and a draft Credit Union Bill were completed. A draft Policy Proposal for a new Occupational Pensions Act was also circulated to stakeholders.

- The Bank made significant progress in enhancing financial sector supervision. During the year, two Prudential Guidelines were issued; a draft Consolidated Supervision Framework was completed; and stress tests for the commercial banks were prepared.

- In April 2010, an application for leave to wind-up CLICO Investment Bank and appoint the Deposit Insurance Corporation as Liquidator was filed and is currently before the Court.

- The Central Bank suspended the Motor and General Insurance Company Limited (MAGIC) commencing June 15, 2010 and an application for leave to wind-up the company was filed on September 27, 2010.

- A Financial Stability Module under the Financial Sector Assessment Programme (FSAP) was conducted by the International Monetary Fund (IMF) in October/November 2010. The IMF concluded that the banking system has shown resilience in the face of ongoing challenges and that Trinidad and Tobago has made significant progress in strengthening the regulatory framework for the insurance industry since the 2005 FSAP.

- The Central Bank of Trinidad and Tobago Research Papers publication, a new journal was launched while new statistical series, including an Energy Commodity Price Index and a Capacity Utilization Index, were developed and published.

- The National Financial Literacy Programme completed the planned expositions ("Train the Trainer") for owners and operators of small and micro enterprises.

- The Bank successfully negotiated two new Collective Agreements for the period 2009-2011 with the unions representing its employees.

ECONOMIC DEVELOPMENTS

International Economic Environment

Following a turbulent 2009, the international economy rebounded in 2010, supported in large part by coordinated fiscal stimulus packages particularly in the advanced economies. Developed countries experienced weak recovery as sluggish employment growth, accompanied by ballooning fiscal deficits, retarded the pace of economic resurgence. The global recovery was driven by vibrant activity in emerging market and developing economies, most notably China and India, as well as in Latin America.

During 2010, the economic performance of advanced economies, particularly the United States (US) and in the Euro Area, was tepid at best. Jobless growth kept consumer confidence subdued and a revitalization of private investment remained elusive. In this context, there were fears of a "double dip" recession, but economic indicators continued to point to a steady, albeit unspectacular, recovery. Facilitated by a benign inflationary environment, the US Federal Reserve continued its policy of quantitative easing in order to provide further stimulus geared especially at employment creation. In contrast, the United Kingdom, having returned to positive economic growth, embarked on a series of austerity measures aimed at restoring public debt to sustainable levels.

The export-led recovery in the Euro area has been uneven with two member states estimated to contract again in 2011. Sovereign debt problems faced by some countries in 2010 have shaken confidence across the continent, but the immediate impacts have been contained by support from Eurozone countries and the International Monetary Fund (IMF).

Several of the larger Latin American economies, such as Brazil, Argentina and Mexico, posted robust growth in 2010, based on broad-based recoveries in domestic demand and investment. In Central America, the recovery was more moderate. The Caribbean region did not fare as well. After a sharp contraction in 2009, the hopes of a quick rebound were dispelled as it became evident that an improvement in tourist arrivals and remittances would be slow. Heavy debt burdens, lack of fiscal space and the occurrence of several natural disasters forced several countries to rely more heavily on international financial support, including from the IMF, while taking comprehensive measures to strengthen their fiscal positions.

Domestic Economy

In Trinidad and Tobago, there were tentative signs of a recovery in 2009/2010. After four consecutive quarters of decline, the economy showed positive growth ranging from 0.8 per cent to 1.9 per cent in three of the four quarters of the financial year, led by the energy sector. Soft domestic and regional demand and a sharp slowdown in government projects continued to affect non-energy activities, including manufacturing, construction, agriculture and distribution.

The protracted declines in the non-energy sector precipitated substantial job losses and led to an increase in the unemployment rate to an average 5.8 per cent in the first and second quarters of 2010 from 5.1 per cent, a year earlier. During this period, the number of persons employed fell by 19,200 persons. The construction sector shed the most jobs (15,400), while the transport, storage and communications sector lost 4,200 positions.

Preliminary estimates indicated that the government's fiscal deficit measured 0.2 per cent of GDP for the fiscal year ending September 30, 2010 compared to the 5.4 per cent deficit that was budgeted. Mainly responsible for this outturn was the higher than anticipated oil prices which boosted revenues. Overall, the fiscal impulse needed to stimulate the economy was somewhat weaker than projected, in part due to a slowdown in capital spending following the general election of March 2010. Total public sector debt which comprises central government debt and contingent liabilities (excluding bills and notes issued for open market operations) rose to 37.3 per cent of GDP at the end of the fiscal year from 33.0 per cent a year earlier.

Available data show that for the financial year 2009/2010, the current account of the balance of payments recorded a surplus of US$2.1 billion, compared to US$3.9 billion in the previous year, 2008/2009. Both exports and imports were lower than in the previous year. The 16 per cent decline in exports was largely due to a fall in the volume of energy sector products, while non-oil imports fell because of sluggish domestic demand. Together with reduction in capital outflows, a lower current account surplus led to a smaller overall balance of payments surplus of US$ 151.4 million compared with a US$214.1 million in the 2008/2009 financial year. By the end of September 2010, gross official reserves amounted to US$9,086.4 million, equivalent to 13.1 months of prospective imports.

Monetary Policy

Over the course of calendar 2009, headline inflation declined progressively, reaching a low of 1.3 per cent (year-on-year) in December. However, subsequent supply disruptions in the agriculture sector in the wake of extreme weather conditions drove up food prices, forcing headline inflation to peak at 16.2 per cent in August 2010 before slipping to 13.2 per cent in September and 12.5 per cent in October. In a continuation of its accommodative policy adopted at the end of the 2008/2009 financial year, the Central Bank reduced the repo rate on three occasions between October 2009 and January 2010 to a level of 5.00 per cent. As inflation started to rise, the Bank left the policy rate unchanged over the next six months. However, with widespread evidence of low domestic business confidence, considerable spare capacity and stable core inflation, the Bank resumed its policy of repo rate reductions, lowering it on four occasions to 3.75 per cent by November.

Despite the reductions in the repo rate and commercial bank lending rates, there was little recovery in the demand for credit in an environment of weak business and consumer confidence. From late 2009, the value of loans outstanding to businesses by the consolidated financial system steadily contracted, recording a 12-month decline of 6.8 per cent by September 2010. Consumer loans outstanding also declined, but at a less pronounced rate. Meanwhile, real estate mortgage loans continued to grow, recording an increase of 8.4 per cent in September 2010 from a year earlier as borrowers took advantage of softer property prices and a drop in mortgage rates.

Weak loan demand along with limited investment opportunities led to a build-up of liquidity in the financial system. To deal with the liquidity overhang, the Central Bank requested commercial banks to deposit a total of $2 billion in interest-bearing accounts at the Bank in November 2009. Half of this amount was deposited for one year (eventually rolled over for another year on maturity in November 2010) and the balance for eighteen months. Another "special" deposit of $1 billion was requested in November 2010. Central Bank's sales of foreign exchange to the market (US$1,495 million for the year ending September 2010) also helped to mop up some liquidity from the system.

In the face of these conditions, short-term interest rates continued to soften. Increased demand for government short-term securities pushed the 3-month treasury bill rate down to 0.34 per cent in September 2010 from 1.85 per cent a year earlier.

FINANCIAL SYSTEM SURVEILLANCE

Supervision of Licensed and Registered Financial Institutions and Pension Plans

During the year, the Central Bank continued to upgrade and tighten the supervisory and regulatory framework in order to ensure a stable and sound financial system with the capacity to withstand domestic and external shocks. On-site examinations and off-site monitoring of the banking sector, insurance companies and pension plans were conducted. On-site examinations of eight licensed financial institutions within the banking sector were completed and focused on risk management and governance practices, loan underwriting and anti-money laundering/counter-terrorism financing. Compliance directions, pursuant to the Financial Institutions Act (2008), were issued to one non-bank financial institution.

Overall, the banking sector remained stable, with the aggregate capital adequacy ratio averaging just above 20 per cent, well in excess of the 8 per cent statutory minimum. However, there was a rise in non-performing loans from 1.97 per cent to 4.65 per cent driven mainly by financing of real estate projects. As a result, the banking sector increased loan loss provisions by 47.5 per cent and aggregate profit before tax declined on a year-on-year basis by 14.7 per cent.

With respect to the insurance industry, on-site examinations of three life companies and one non-life insurer were completed. These examinations focused on related party transactions, the robustness of the institutions' anti-money laundering regimes and corporate governance. Some institutional developments in the insurance sector included:-

- The cancellation of the registration of Royal Caribbean Insurance Limited following the transfer of its portfolio to Guardian General Insurance Limited.
- American Life and General Insurance Company (Trinidad and Tobago) Limited (ALGICO) ceased writing general insurance business effective May 1, 2010 and that business will be run-off over the period July 2010 to June 2011. MetLife Inc. was appointed controller of the company in October 2010.

On-site examinations of pension plans were limited to the continuation of thematic reviews of pension plans' investments.

Enhancing Supervision

Considerable effort was made to refine the supervisory frameworks governing the banking and insurance sectors. Some of the more important measures included increased focus on credit risk; strengthened levels of cooperation with regional and international counterparts; the issuance of two Prudential Guidelines (for reporting of large credit exposures and consolidated prudential reporting); the completion of a draft Consolidated Supervision Framework; and the enhancing of supervisory expertise.

The Central Bank continued to contribute to the development of robust anti-money laundering (AML) and combating of financing of terrorism (CFT) frameworks for Trinidad and Tobago through its representation on the National AML/CFT Committee and at Caribbean Financial Action Task Force (CFATF) meetings. In addition, the Financial Obligations Regulations which named the Central Bank as a Supervisory Authority for the institutions that it regulates were put into effect in January 2010. Other Supervisory Authorities include the Trinidad and Tobago Securities and Exchange Commission for securities companies and the Financial Intelligence Unit for listed businesses (for example, jewelers, real estate, casinos). The Financial Intelligence Unit Act was passed in October 2009 and its aim is the implementation of the anti-money laundering policies of the Financial Action Task Force.

Enforcement Actions

CLICO Investment Bank (CIB), Colonial Life Insurance Company Limited (CLICO) and British American (BA), remained under the control of the Central Bank during the financial year. In furtherance of its mandate under Section 44D of the Central Bank Act, the Bank worked with CLICO to effect a reduction of operating costs and formulate a strategic plan. The Bank also collaborated with the Government on a number of options for restructuring the company and managing policy-holder expectations, aimed at maintaining financial stability. In the Government's 2010/11 budget, it was announced that there would be a restructuring plan that would separate the traditional insurance liabilities from the short-term investment products. With respect to the latter, all investors would be paid up to a threshold of TT$75,000 with the remaining claim on principal restructured over 20 years. Payments under this plan are expected to begin in early 2011. In April 2010, an application for leave to wind-up CIB and appoint the Deposit Insurance Corporation as Liquidator was filed. This petition is currently before the Court. In other developments, the Board of the Central Bank approved the suspension of the Motor and General Insurance Company Limited (MAGIC) commencing June 15, 2010; an application for leave to wind-up the company was filed on September 27, 2010.

Strengthening the Legislative and Regulatory Framework

The Central Bank continued to collaborate with the various stakeholders in the banking, insurance, pensions, and credit union sectors to develop the appropriate legislative, regulatory and supervisory frameworks. The key milestones achieved included: (i) the completion of the draft Insurance Bill and Regulations, including the draft Capital Adequacy Regulations and Caribbean Policy Premium Method for valuation of insurance liabilities; (ii) the drafting of a Credit Union Bill, which was submitted to the Office of the Chief Parliamentary Counsel for review; (iii) the circulation of a draft Policy Proposal Document for a new Occupational Pensions Act; (iv) the completion of the draft Regulations for the Payment of Supervisory Fees and Charges by regulated financial institutions and persons, which have been submitted for Ministerial approval; (v) the completion of a draft Consolidated Supervision Framework to effect the consolidated supervision of financial groups and financial holding companies; and (vi) the completion of a draft National Crisis Management Plan and draft Regional Crisis Management Policy to inform a Regional Crisis Management Plan.

Financial Sector Assessment Programme 2010

A Financial Stability Module (FSM) under the Financial Sector Assessment Programme (FSAP) was conducted by an IMF mission in October/November 2010. The mission assessed the broader risks and vulnerabilities in the financial system of Trinidad and Tobago. They concluded that the banking system has shown resilience in the face of the global financial crisis, the slowdown of economic activity, and difficulties associated with CLICO. The banking system was judged to be well capitalized with conservative lending practices. In addition, stress tests showed that even in the face of deterioration in macroeconomic conditions, the banks would be able to absorb the associated provisioning costs due to their ample capital buffer. Areas that warranted further enhancement were the full implementation of consolidated supervision and the introduction of standards for operational, liquidity and interest rate risks.

With respect to the insurance sector, the IMF concluded that Trinidad and Tobago has made considerable progress in strengthening the regulatory framework since the 2005 FSAP. The IMF also acknowledged that the new Insurance Bill drafted, following extensive consultations with the industry, would serve to modernize the legislation for the sector. The IMF stated that the larger life and general insurance companies were generally profitable and adequately capitalized. As a result they are better positioned to adapt to the changing regulatory environment.

The IMF indicated in their report that "Trinidad and Tobago has taken action to strengthen its crisis preparedness framework in recent years and has adopted some of the post-financial crisis reform initiatives under discussion in international bodies."

PAYMENTS SYSTEM OVERSIGHT

In accordance with the requirements of the Financial Institution Act, 2008 (FIA), the two major retail payment systems, LINX, operated by InfoLink Services Limited and the Automated Clearing House (Transach), operated by the Trinidad and Tobago Interbank Payment System Limited (TTIPS), made applications to the Bank for Interbank Payment System Operator Licences. During the year, these two systems were issued with interim licences pending the completion of the evaluation process.

The Bank completed an initial oversight assessment of all Systemically Important Payment Systems (SIPS) and provided general recommendations and feedback on their compliance with international best practices.

The volume of large value transactions being processed through the RTGS continued to grow though at a slower rate than the previous year. In 2009/2010, transaction volume rose by 2.6 per cent compared with an increase of 8.6 per cent in 2008/2009. This year's movement nevertheless represented a 3 per cent decline in the value of these payments; therefore the average value of a transaction settled over the RTGS declined. In its effort to improve the efficiency of the national payment system, the Bank continued efforts to dissuade use of large-value cheques. The number of large value cheques decreased only marginally in the year; however, with the imminent revision to the Exchequer and Audit Act which stipulates that the Government must make payment by cheque, this volume is expected to show a substantial decline.

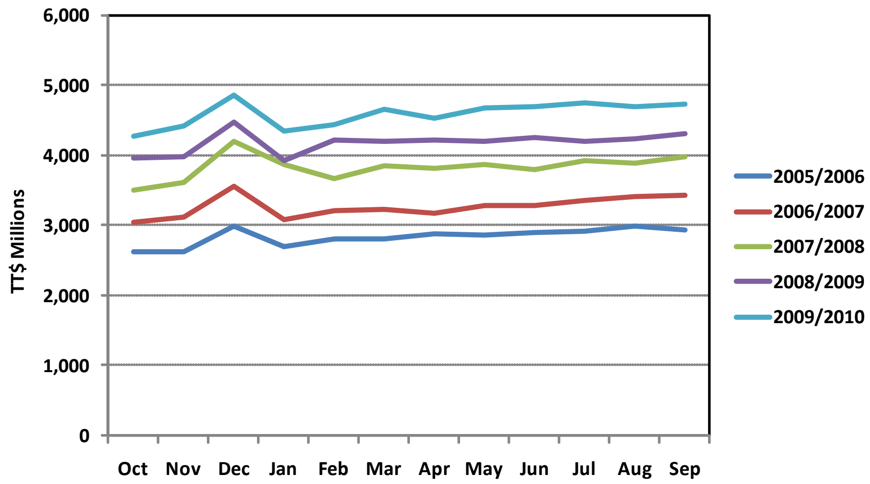
There was also a general increase in the use of electronic payment options (ACH, Debit and Credit card) as opposed to paper-based instruments (cheques) for retail transactions. In 2009/2010, electronic payments accounted for 77 per cent of the volume of retail non-cash payments cleared and settled on the interbank market, an increase of 7 per cent over 2008/2009.

BANKING OPERATIONS

Currency in Circulation

Currency in circulation increased by 9.7 per cent to $4,729 million over fiscal year 2009/2010. This

CHART I
CURRENCY IN CIRCULATION



is equivalent to 5.2 per cent of GDP, compared to 3.2 per cent a year earlier. The customary trend whereby the demand for currency peaks during the month of December, declines sharply in the following month, and then grows moderately to year end, again continued. (See Chart I).

During the year, the Bank issued a total of 65 million new bank notes, 2 per cent more than in the previous year. This growth was largely due to the higher demand for $100 notes to service ATMs. There was also an increase of 3 per cent in the volume of notes reissued from the amount in the previous year. The $1 denomination continued to account for the largest share (47 per cent) of all notes issued, while the 1 cent remained the most widely circulated coin, representing approximately 51 per cent of the total volume of coins in circulation. Charts II and III show the relative share of each denomination of notes and coins, respectively, in circulation as at the end of September 2010.

Clearing and Settlement Systems

The Bank continued to maintain a Cheque Clearinghouse facility in conjunction with the commercial banks, and a Real Time Gross Settlement (RTGS) System, Safe-tt, for large value and time-critical payments.

Cheques

In 2009/2010, cheques cleared through the Clearinghouse facility decreased by 14 per cent in terms of volume but only 2 per cent in value terms. The cheques cleared on the Bank itself during the year also decreased, falling by 7.2 per cent in volume terms and 15 per cent in terms of value. This was in contrast to the previous year when the volumes and values of cheques drawn on the Bank had risen by 6 per cent and 10 per cent, respectively.

Electronic Payments

The volume of transactions settled over the RTGS, Safe-tt, continued to grow, though more slowly than

CHART II
VOLUME OF NOTES IN CIRCULATION BY DENOMINATION 2009/2010

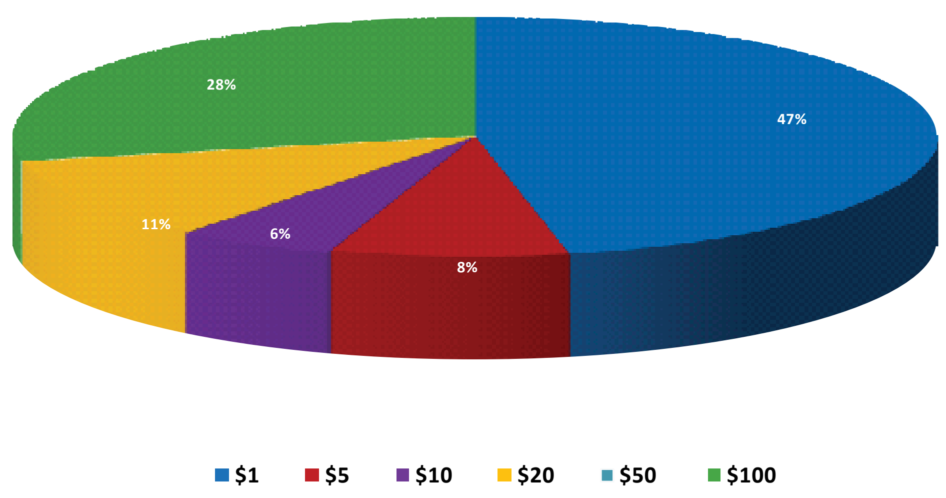


CHART III
VOLUME OF COINS IN CIRCULATION BY DENOMINATION 2009/2010

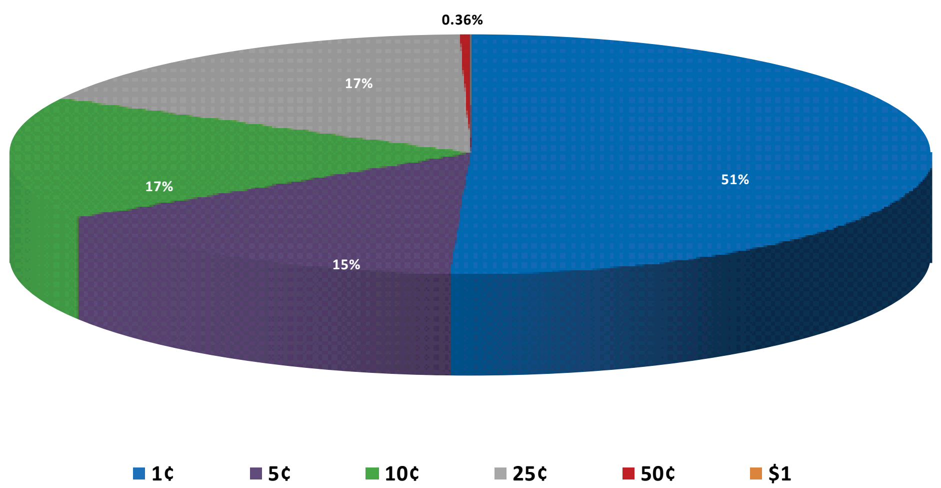
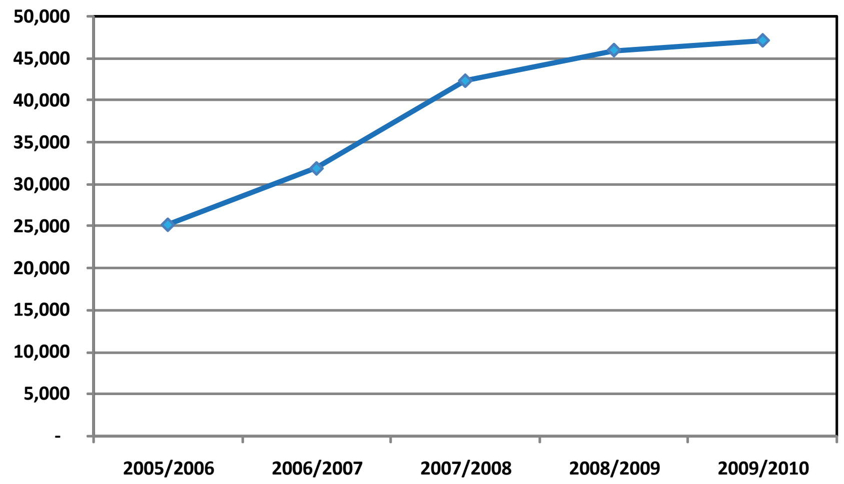


CHART IV
RTGS ANNUAL VOLUMES



in the previous year. The total volume of transactions, at 47,043 in the year, represented an increase of 2.5 per cent over the amount in the previous year (see Chart IV). However, in value terms, there was a decrease of 3 per cent from the previous year to $395 billion.

Financial Institutions Deposits

The statutory reserve requirement for commercial banks and non-bank financial institutions remained unchanged at 17 per cent and 9 per cent, respectively, during 2009/2010. However, due to the changes in deposit liabilities, the average weekly amount held as statutory reserves by the commercial banks increased by 1.7 per cent to $47 million, while that of the non-banks declined by 50.5 per cent to $2.2 million.

The commercial banks also continued to hold a secondary reserve requirement of 2 per cent of deposit liabilities which was remunerated at 350 basis points below the 'repo' rate. In order to contain the excess liquidity in the financial system, the Bank also issued a three-month bill with a face value $500 million in November 2009 and offered several short term special deposits to commercial banks as follows:

- A 6-month $1.5 billion deposit with maturity on December 28, 2010
- A 1-year $1 billion deposit with maturity on November 4, 2010
- An 18-month $1 billion deposit with maturity on May 3, 2011

Notwithstanding these initiatives, the financial system remained very liquid and throughout the period commercial banks held excess reserves at the Bank.

Downtown Owners & Merchant Association (DOMA) Facility

The DOMA facility, which was established by the Government in 1990 to provide a subsidy for the interest on loans taken out by merchants to rebuild operations after the attempted coup, came to an end in financial year 2009/2010. The last interest subsidy of $1,343.53 was made in December 2009.

Government and Government Guaranteed Securities

The Bank continued to issue securities on behalf of Government and various state agencies as well as to act as Registrar and Paying Agent.

Treasury Bills and Notes

During the year, the Bank maintained responsibility for the issuance of all Treasury Bills and Treasury Notes, most of which were utilized for open market operations. The legal ceiling for issuance of these securities had been reached in May 2008 initially and the outstanding amounts remained relatively unchanged at $13.9 billion for Treasury Bills and $5 billion for Treasury Notes at the end of September 2010, as maturing issues were rolled over.

Bonds

Several bonds were issued on behalf of the Government and State Agencies during the year. All of the former were issued to provide funding to two insurance companies, CLICO/British American, in the context of a Memorandum of Understanding drawn up between the parent company CL Financial Limited which ran into financial difficulties, and the Government of Trinidad and Tobago.

- **October 16, 2009** - GORTT $231.5 million 11-year 6.40 per cent maturing on June 30, 2020 (reopening of GORTT $600 million which was issued on June 30, 2009).

- **October 30, 2009** - Education Facilities Company Limited (EFCL) $400 million 7-year 5.35 per cent maturing on October 30, 2016

- **December 4, 2009** - Trinidad and Tobago Mortgage Finance Limited (TTMF) Tranche B $320 million 5-year 6.00 per cent maturing on December 4, 2014

- **February 4, 2010** - GORTT $3.1billion Fixed Rate (3 Series) Bond:
- $1.1 billion, 17-year, 6.6 per cent, maturing on February 4, 2027
- $1.0 billion, 19-year, 6.7 per cent, maturing on February 4, 2029
- $1.0 billion, 21-year, 6.8 per cent, maturing on February 4, 2031

- **February 9, 2010** - GORTT $600 million, 15-year, 6.50 per cent maturing on February 9, 2025

- **March 19, 2010** - National Insurance and Property Development Company (NIPDEC) $500 million 18-year 6.25 per cent maturing on March 19, 2028

- **April 20,2010** - GORTT $794 million 13-year 5.95 per cent maturing on April 20, 2023

- **September 2, 2010** - National Insurance and Property Development Company (NIPDEC) $360 million 18-year 6.10 per cent maturing on September 2, 2028

During the financial year, the Bank made interest payments of $789.2 million on Central Government bonds issued under the Development Loans Act 1964 and its amendments and $0.18 million on bonds issued under the Public Sector (Arrears of Emoluments) Amendment Act of 1998 as well as outstanding principal payments of $0.13 million on the 10-year 8 per cent Tax Free Bond issued in December 1995. The Bank also made principal and interest payments of $52.0 million and $379.2 million, respectively, on State Agencies bonds.

CARICOM MULTILATERAL CLEARING FACILITY (CMCF)

The Bank continued to be the Agent for the CMCF which remained dormant and focused solely on the repayment of the outstanding debt by Guyana. No payments were received during the year and the outstanding balance owed by Guyana to the CMCF remained at US$31.1 million as at September 30, 2010 pending the efforts by CARICOM Governors to find a modality for providing debt relief to Guyana under the Enhanced Heavily Indebted Poor Countries (E-HIPC) initiative.

REGIONAL LOANS

Bank of Guyana Bilateral Debt

The Bank of Guyana debt to Trinidad and Tobago is a consolidation of loans owed to the Bank and the Government through:-

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 rescheduled under the E-HIPC Initiative in October 2005 and the reduced balance of US$55 million is being repaid on a semi-annual basis. During this financial year, US$4.04 million was received and distributed as follows:

Government of the Republic of Trinidad and Tobago
- US$0.82M

Central Bank of Trinidad and Tobago
- US$3.22M

The balance outstanding on this loan as at September 30, 2010 was US$47.8 million.

Banco Latinamericano De Exportaciones S.A. (BLADEX)

The total amount of BLADEX shares held by the Bank remained unchanged at 160,626.50.

FOREIGN EXCHANGE MARKET OPERATIONS

The weak recovery in both the more developed economies and the domestic market resulted in continuing tightness in the foreign exchange market. Inflows of foreign exchange to authorized dealers in the domestic market in the financial year 2009/2010 remained relatively unchanged at US$4.0 billion compared with US$4.1 billion in the previous financial year. Receipts from the energy sector grew by 17 per cent while those from the non-energy sector continued to decline. At the same time, demand for foreign exchange remained very strong with total sales of US$5.5 billion compared with US$5.8 billion recorded a year earlier. The customary trend, whereby higher purchases (and therefore sales) are evident at the end of each quarter due to the inflows for tax payments, again continued (see Chart V). The Central Bank intervened in the market regularly throughout the year, selling a total of US$1.5 billion to the authorized dealers. In the context of these tight conditions, over the year the buying and selling rates for the TT dollar depreciated by 0.31 per cent and 0.42 per cent respectively to reach TT$6.3163=US$1 (buying) and TT$6.3765=US$1 (selling) at September 30, 2010.

FOREIGN RESERVES MANAGEMENT

The Central Bank continued to manage the foreign currency reserves in accordance with the current policies and guidelines established by the Board. The broad operating framework was largely unchanged, with a significant portion of the reserves managed internally, with a focus on liquidity and maintenance of value. External fund managers were responsible for investing a part of the reserves with the goal of higher returns within set risk limits.

The foreign currency reserves (excluding gold, SDR and Government holdings) grew to US$8.6 billion at the end of September 2010 from US$8.4 billion a year earlier. Receipts from the oil and gas sector - the major inflow - were up slightly from the previous year, given some improvement in oil prices and relative stability in gas prices.

Some stability returned to the international financial markets during the year, compared with the turmoil of the previous year, and benchmark interest rates were maintained at historically low levels in the developed economies. There was some slowing in the decline in fixed income yields, and therefore in capital gains on fixed income securities. Accordingly, the overall return of 2.36 per cent on the foreign reserves for the financial year 2009/2010 was lower than the 4.25 per cent earned in 2008/2009.

RESEARCH, INFORMATION AND KNOWLEDGE SERVICES

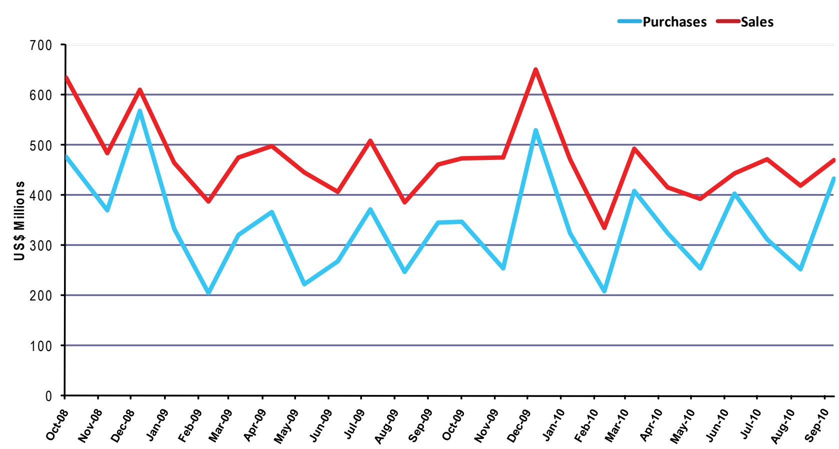
With respect to publication of economic information, the Research Department developed several new statistical series including an Energy Commodity Price Index in consultation with the Energy Chamber and an Index of Capacity Utilization. Additionally, a project to spearhead Trinidad and Tobago's subscription to the International Monetary Fund's Special Data Dissemination Standard (SDDS) was started in collaboration with the Ministry of Finance and the Central Statistical Office.

The Department's activities were heavily concentrated on policy support. A medium-term economic framework and detailed projections of Central Bank's foreign exchange flows were prepared and updated during 2010. These, as well as studies on the changing currency composition of reserves, guidelines on mortgage rates and the impact of changes in the minimum wage on competitiveness were discussed in the Monetary Policy Support Committee. The Department was also closely involved in financial stability issues, notably the stress testing of the commercial banks.

Using a project team approach to technical research, the economists worked on research papers which sought to directly address some of the contemporary monetary policy challenges. Subject matters included investigations into the volatility of the Retail Prices Index and the sensitivity of remittance flows in the Caribbean to the global financial crisis. A new annual publication, titled *The Central Bank of Trinidad and Tobago Research Papers*, was launched in September 2010 and included output from the visiting scholar programme. In terms of broader outreach, economists made presentations to external audiences including: the Conference on the Economy at the University of the West Indies, several banks, the Employers' Consultative Association and staff from visiting educational institutions.

With respect to knowledge services, the phased implementation of the lifecycle system of records management in the Bank continued. The web module of the records management application was successfully upgraded and staff received training in the use of the online system to process records for transfer to the Records Centre. The Bank also entered into a vendor hosting arrangement for the Library's web application.

CHART V
PURCHASE AND SALES OF FOREIGN EXCHANGE
OCTOBER 2008 - SEPTEMBER 2010



The Document Management (DM) application was successfully upgraded and members of staff were provided with one-on-one training on the new features. The Knowledge and Information Management (KIM) Department conducted interviews with five retirees, transcribing the content into the DM as part of the ongoing programme for capturing various aspects of the Bank's history.

Following a review of the Exchange Control documents, some records were processed and stored, and destruction of those tagged for disposal began.

NATIONAL FINANCIAL LITERACY PROGRAMME

In 2010, The National Financial Literacy Programme (NFLP) continued to broaden its interventions. The number of participating primary schools expanded to 280. Sessions were also held at several secondary schools and tertiary institutions. Close to 50 secondary school teachers were trained through "Train the Trainer" workshops. A survey of the impact of the programme at the primary school level was also initiated at 26 schools. A secondary school challenge competition was hosted as well as a secondary schools quiz.

Students compete in the National Financial Literacy Programme Secondary School Challenge Competition

The final two of five planned expositions were held for owners and operators of small and micro enterprises. Funded in part by the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB), NFLP delivered sessions to 152 persons from 15 organizations which directly interface with SMEs. Other outreach sessions targeted community groups, employees, retirees and participants in programmes offered by the Ministry of the People and Social Development and the Ministry of National Security. Eight "public town" meetings were held, where the emphasis was on personal financial management and retirement planning.

The work of the NFLP was recognized and highlighted both regionally and internationally. The NFLP was featured on the website of the Organization for Economic Cooperation and Development (OECD) following participation in an OECD global conference. Furthermore, NFLP assisted in the development of the Jamaican Financial Literacy Programme and played a central role in the launch of the Caribbean Financial Literacy website "Financially Fit".

OUTREACH PROGRAMMES

Dr. Eric Williams Memorial Lecture

The 24th annual Dr. Eric Williams Memorial Lecture was held on Friday July 9, 2010 at the refurbished Central Bank Auditorium. The feature speaker was Professor E. Nigel Harris, the Vice Chancellor of the University of the West Indies. Professor Harris spoke on the theme: *Haiti, its many Crises and its Place in the Caribbean*. This year's lecture was timely in light of the international attention focused on Haiti in the aftermath of the catastrophic earthquake experienced earlier in the year.

Professor E. Nigel Harris

Museum Outreach and Upgrade

Following discussions with the Tourism Development Company (TDC) and local tour guides, the Money Museum was added as an attraction on local tour guide schedules. Several outreach programmes were conducted to widen the scope of visitors to the museum. The vast majority of the 2,256 persons who visited the museum during the year were school children, including special groups such as the St. Mary's Home. Planning for a fairly extensive museum upgrade, the first since the launch of the museum in 2004, commenced during the year. A consultant was contracted to catalogue, photograph, conserve and clean artifacts and to provide training in object handling, environment monitoring and preventative conservation.

Children from the St. Mary's Home get a tour of the Money Museum

Youth Mentorship

The annual Vacation Internship Programme (VIP), in its seventh year, was held during June-August 2010. Nineteen interns participated and were exposed to specific courses aimed at imparting life skills. Sessions covered areas such as Personal Financial Planning, Office Commandments, Healthy Workplace Communication and Career Management and each intern was assigned a mentor from the Bank's staff.

Vacation Interns in a training session with HR

Vacation Interns 2010

The De La Rue scholarship, also in its seventh year, was awarded to Ms. Preeya Mohan.

Charitable Work

The Bank continued its focus on supporting two main charities – the internally-based "We Care" charity and the United Way of Trinidad and Tobago. "We Care" was able to impact 13 homes/schools and over 200 families.

Central Bank We Care Volunteers

Sports and Cultural Club

The Sports and Cultural Club changed leadership during this year. In attempting to encourage more active member participation, the Club launched, among other things, a Book Club, a Newsletter "In Touch", quarterly feedback meetings, the Biggest Loser competition and a deep sea fishing adventure. The Club successfully managed the Central Bank Premier All Inclusive Party, part proceeds of which went towards the "We Care" charity. The Club also co-organized the 8th Central Bank Intra-Regional Games which was held in Guyana where the Bank placed third.

Central Bank Netball Team

Central Bank Fusion Team

Retirees Club

In October 2010, the Bank hosted the annual outreach session for retirees. The session was facilitated by the Bank's Employee/Retiree Assistance Provider and it focused on "taking care of self" with lectures covering physical and mental health.

Staff working together at the retirees outreach session

HUMAN RESOURCES

In 2010, Senior Management took the decision to rationalize the Bank's manpower. In this regard, a Bank-wide rationalization of manpower needs for each Department was undertaken. As far as practicable, staffing needs were filled through internal recruitments, with external filling of vacancies requiring the expressed approval of Senior Management. As a result, external recruitment was generally restricted to positions identified as specialist in nature and those considered critical to the operations of the Bank.

In this context, there was a marginal decline (1.4 per cent) in the Bank's staff complement to 479 employees in 2010. Twenty employees joined the Bank, offset by a comparable number of separations.

Of the separations, five employees with over twenty-five years service opted for early retirement, including three members of the Management team - Mrs. Jennifer Greaves, Senior Manager, IT & NFLP; Mr. Charles De Silva, Manager, Policy & Support, FISD; and Mr. Victor Maloney, Assistant Manager, Corporate Communications.

Despite reduced budgetary provisions for training and development, the development needs of staff remained a major priority. To this end, 47 per cent of employees, comprising mainly managerial and Bargaining Unit 3 staff, attended 118 local and overseas training courses, conferences and meetings. Additionally, the Human Resource Department organized several in-house training modules, including Retirement Preparation, Prudent Financial Planning and Leadership Development. Training was also geared towards sensitizing staff to the requirements associated with the Occupational Safety and Health Act (OSHA). Meanwhile, the re-launch of the Employee Suggestion Programme in April 2010 has encouraged staff to share ideas aimed at improving the efficiency and effectiveness of the Bank's operations.

Employee and Industrial Relations

The Bank successfully negotiated two new Collective Agreements for the period 2009-2011 with the representative unions for Bargaining Units 1 and 3. These were done in a cordial manner, in a peaceful industrial relations climate. Regular non-crisis meetings between the Bank's Management and the workers' representatives continued to assist in pre-empting negative outcomes of employee infractions of rules and regulations of the Bank. Critical support and/or advice on issues of discipline assisted Departments in dealing with several staffing issues.

RISK MANAGEMENT

The risk management capability of the Bank was strengthened with the implementation of the Governance, Risk, Compliance (GRC) infrastructure. The Central Bank, in collaboration with the Bankers'Association of Trinidad and Tobago and the Office of Disaster Preparedness and Management (ODPM), continued to assist in the development of the financial sector's mitigation and response strategies. A major thrust in this regard was the development and acceptance of a Business Continuity Planning (BCP) Financial Framework, that calls for the creation of a BCP Financial Sub-Committee of the ODPM and a Working Committee consisting of members from each of the commercial banks and the relevant regulatory bodies. The work of these committees is critical to ensuring that proper response and recovery strategies are in place across the sector, that business continuity plans are consistent, compatible and of an agreed standard and that during any unforeseen disruption, effective communication and restoration strategies are in place.

Financial Statements
2009-2010

Financial Statement
2009-2010

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 2010 SEPTEMBER 30

The accompanying Consolidated Financial Statements of the Central Bank of Trinidad and Tobago and its subsidiary for the year ended 2010 September 30 have been audited. The Statements comprise the Consolidated Statement of Financial Position as at 2010 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 2010 September 30 and Notes to the Consolidated Financial Statements numbered 1 to 28.

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 which was carried out in accordance with section 52 of the Central Bank Act, Chapter 79:02 was conducted in accordance with generally accepted Auditing Standards. Those Standards 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 2010 September 30 and the related financial performance and cash flows for the year ended 2010 September 30 in accordance with International Financial Reporting Standards except as stated at Note 2a to the Consolidated Financial Statements.

REPUBLIC OF TRINIDAD AND TOBAGO
2010 12 31
AUDITOR GENERAL

Sharman Ottley

2010 December 31

SHARMAN OTTLEY
AUDITOR GENERAL

Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2010 *(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sept 2010 $'000	Restated Sept 2009 $'000
ASSETS			
Foreign currency assets			
Foreign currency cash and cash equivalents	4	25,287,369	28,083,658
Foreign currency investments	5	37,990,892	34,526,330
Foreign receivables	8	173,220	160,734
Subscriptions to international financial institutions	9	3,299,906	122,682
International Monetary Fund - Holdings of Special Drawing Rights		2,609,900	2,678,803
		69,361,287	**65,572,207**
Local currency assets			
Local currency cash and cash equivalents	4	943,077	693,425
Local currency investments	5, 6	305,736	2,045,591
Pension assets	7	239,902	238,250
Accounts receivable and prepaid expenses	8	2,063,928	2,112,183
Other assets	10	272,592	308,123
Property, plant and equipment	11	233,544	251,973
		4,058,779	**5,649,545**
TOTAL ASSETS		**73,420,066**	**71,221,752**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	12	83,168	48,807
International Monetary Fund - Allocation of Special Drawing Rights		3,042,088	3,122,392
Accounts Payable	13	8,599,215	8,541,943
		11,724,471	**11,713,142**
Local currency liabilities			
Demand liabilities - local	12	28,946,419	29,653,845
Accounts payable	13	25,468,571	25,578,493
Provision for transfer of surplus to government		478,605	920,171
Provisions	14	5,404,545	2,011,785
		60,298,140	**58,164,294**
CAPITAL AND RESERVES			
Capital	23	800,000	800,000
General Reserve		588,049	534,871
Retained Earnings		9,406	9,445
		1,397,455	**1,344,316**
TOTAL LIABILITIES, CAPITAL AND RESERVES		**73,420,066**	**71,221,752**

GOVERNOR

REPUBLIC OF TRINIDAD AND TOBAGO AUDITOR GENERAL

DEPUTY GOVERNOR

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2010 *(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sept 2010 $'000	Restated Sept 2009 $'000
Income from foreign currency assets			
Interest income		750,435	1,051,525
Interest expense		(29,047)	(26,195)
		721,388	1,025,330
Gain/(Loss) from currency translations		(104,430)	(1,283)
Gain from fair value changes		248,144	406,701
(Loss) from fair value changes		(143,895)	(56,091)
		104,249	350,610
	15	**721,207**	**1,374,657**
Income from local currency assets			
Interest income	16	286,583	73,950
Rental income		1,587	1,364
Other income	16	23,459	222,467
		311,629	**297,781**
Decrease in provisions		128,544	141,010
Total income		**1,161,380**	**1,813,448**
Operating expenses			
Printing and minting		52,864	55,828
Salaries and related expenses		157,656	116,468
Interest paid		248,712	349,557
Directors' fees		806	940
Depreciation		35,278	35,083
Other operating expenses	17	134,313	97,800
Total operating expenses		**629,629**	**655,676**
Net surplus for the year before taxation		**531,751**	**1,157,771**
Busines Levy expense	18	7	7
Net surplus after taxation		**531,744**	**1,157,764**
Total comprehensive income for the period		**531,744**	**1,157,764**

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2010 *(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 2008	761,874	428,394	9,180	1,199,448
Net surplus after taxation	-	-	1,157,764	1,157,764
Transfer of surplus to Consolidated Fund	-	-	(1,012,896)	(1,012,896)
Transfer to general reserve	-	106,477	(106,477)	-
Transfer to paid-up capital	38,126	-	(38,126)	-
Balance as at 30 September 2009	**800,000**	**534,871**	**9,445**	**1,344,316**
Balance as at 1 October 2009	800,000	534,871	9,445	1,344,316
Net surplus after taxation	-	-	531,744	531,744
Transfer of surplus to Consolidated Fund	-	-	(478,605)	(478,605)
Transfer to general reserve	-	53,178	(53,178)	-
Balance as at 30 September 2010	**800,000**	**588,049**	**9,406**	**1,397,455**

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2010 *(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sept 2010 $'000	Restated Sept 2009 $'000
Cash flows from operating activities			
Net surplus for the year		531,751	1,157,771
Adjustments for:			
Depreciation		35,278	35,083
Net loss/(gain) on disposal of fixed assets		11	(279)
Interest income		(1,007,971)	(1,099,279)
Interest expense		248,711	349,557
Dividend income		(3,552)	(3,552)
Provisions		(128,544)	(141,010)
Revaluation of Artwork		(2,411)	-
Building fund		-	(175,656)
Gold reserves		116,855	57,034
Foreign currency differences in monetary assets & liabilities		61,768	(201,625)
Cash outflows before changes in operating assets and liabilities		**(148,104)**	**(21,956)**
Changes in operating assets and liabilities			
Decrease/(Increase) in accounts receivable & prepaid expenses		77,747	(1,969,524)
Decrease/(Increase) in other assets		24,741	(36,379)
(Increase) in pension asset		(1,652)	(24,115)
(Decrease)/Increase in accounts payable and other liabilities		(694,735)	5,804,352
Net cash flow (used in)/from operations		**(742,003)**	**3,752,378**
Cash flows from investing activities			
Purchase of property, plant and equipment		(14,558)	(34,434)
Proceeds from sale of property, plant and equipment		110	536
Net purchase of investments/proceeds from sale of investments		(251,251)	(5,942,795)
Net repayment of loans and advances		1,869,542	(1,839,902)
Interest received		965,675	1,151,554
Dividends received		3,552	3,552
Interest paid		(279,697)	(336,550)
(Decrease)/Increase in International Monetary Fund Holdings of Special Drawing Rights		(11,402)	9,484
Payment to Consolidated Fund		(920,171)	(1,078,295)
Net cash flow from/(used in) investing activities		**1,361,800**	**(8,066,850)**
Cash flows from financing activities			
Purchase of shares in international financial institutions		(3,177,224)	(1,221)
Lease payment		10,790	10,579
Net cash flow (used in)/from financing activities		**(3,166,434)**	**9,358**
Net decrease in cash and cash equivalents		(2,546,637)	(4,305,114)
Cash and cash equivalents, beginning of year		28,777,083	33,082,197
Cash and cash equivalents, end of year	4	**26,230,446**	**28,777,083**

1. Incorporation & principal activities

The Central Bank of Trinidad and Tobago (the 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 Trinidad and Tobago 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 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 Financial Statements have been prepared on the historical cost basis except for financial assets and liabilities where the fair value and amortised cost basis of accounting are adopted.

These 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 together with the presentation and disclosure framework in the preparation of these Financial Statements insofar as the Bank considers it appropriate to do so having regard to its functions.

These Financial Statements depart from the International Financial Reporting Standards 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 International Financial Reporting Standards which have not been adopted are:

- IAS 21 – The Effect of Changes in Foreign Exchange Rates requires that all unrealised 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 realised and unrealised profits. As such the Bank accounts for all unrealised 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.

- IAS 39 – Financial Instruments: Recognition and Measurement requires that where an asset is classified as *available for sale*, the gains or losses on transactions should be recognised 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 recognises 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 is defined in the accounting policies and notes below. The impact of these departures 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. 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 recognised 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 recognised 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.

c. Critical accounting estimates and judgments

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 obligation

The estimate of the pension obligation, in relation to the defined benefit pension plan operated by the Bank on behalf of its employees, is primarily based on the estimation of independent qualified actuaries. The value of the pension obligation is affected by the actuarial assumptions used in deriving the estimate.

ii. Provision for bad and doubtful debt

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 contingent 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.

d. 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 investments, including fixed deposits and reverse repurchases.

e. Repurchase agreements

Repurchase agreements (Repos) are generally overnight transactions placed at the end of the day.

f. Investment securities

The Bank classifies its investment securities in the following five categories: “Held to Maturity”, “Available for Sale”, “Loans and Advances”, “Fair Value through Profit or Loss” and “Related Enterprises”.

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. Interest on these investments is recognised 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 recognised at cost, (which includes transaction costs), and are subsequently re-measured at fair market value. Regular purchases and sales of financial assets are recognised on the trade date, which is the date on which the Bank commits to purchase or sell the asset.

Unrealised gains and losses on these investments are recognised in Provisions – Revaluation Reserve at Market Value.

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

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 realisable 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 recognised 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 recognised 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.

v. Related enterprises

The Bank has investments in several related companies. All of these equity investments, with the exception of the investment in the Home Mortgage Bank (HMB), do not have a quoted market price in an active market and therefore their fair value cannot be reliably measured. These equity investments are therefore measured at cost. The equity investment in HMB is measured at fair market value. Unrealised gain or loss on this investment is recognised in Provisions – Revaluation Reserve at Market Value.

g. Impairment of financial assets

An investment is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for securities carried at amortised cost is calculated as the difference between the securities' carrying amount and the present value of the expected future cash flows discounted at the original effective interest rates.

The recoverable amount of an instrument measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset.

h. 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 recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

i. Employee benefits – pension obligations

The Bank operates a Defined Benefit Plan (the 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 recognised 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 unrecognised 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 valuation at 30 September, 2008 and the IAS 19 Methodology were used, based on information received from the actuarial report dated 2 November, 2010, for the preparation of the Financial Statements.

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 recognised as income or expense when the cumulative unrecognised 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.

j. 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.

k. 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 Earnings 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 recognised 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 Balance Sheet date and are shown as receivable. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

l. Intangible assets

Intangible assets are acquired computer software programmes. These are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method on the basis of the expected useful life of five years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

m. Property, plant & equipment

Fixed Assets 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 capitalised as part of the cost. When an asset is retired or sold, any gain or loss on disposal is dealt with through 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

n. 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. The principal temporary differences arise from depreciation on Property, Plant and Equipment, and revaluation of other assets.

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

o. 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.

p. Capital

The entire capital of the Bank is held by the Government of Trinidad and Tobago. Provision is made in Section 34(5) of the Central Bank Act, for the Paid-up portion of the authorised 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 Authorised Capital is equal to the Authorised Capital. On 21 August, 2007 the Authorised Capital of the Bank was increased to $800 million. As at 30 September, 2010 the Paid-up Capital was $800 million.

q. 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 ten (10) per cent of the Net surplus of the Bank for each financial year, until the General Reserve Fund is equal to the Authorised Capital. At 30 September, 2010, the General Reserve Fund increased by $53 million to $588 million.

r. Revenue Recognition

i. Interest income and interest expense

Interest income and expense are recognised 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 recognised 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.

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, the Bank has responsibility for the management of the official foreign currency reserves of the country. This includes the determination of the amount of risk which may be taken in the management of the portfolio. It seeks to mitigate risks in the portfolio 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 rate on its financial position and cash flows. Management seeks to mitigate currency risk by partly 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 2010 $'000	Sept 2009 $'000
Currency on hand	6,664	9,524
Balances with banks	1,090,623	772,347
Repurchase agreements	2,101,633	2,777,337
Fixed Deposits	23,031,526	25,217,875
	26,230,446	**28,777,083**
Represented by:		
Foreign currency - cash and cash equivalents		
Currency on hand	914	890
Balances with banks	153,296	87,556
Repurchase agreements	2,101,633	2,777,337
Fixed Deposits	23,031,526	25,217,875
	25,287,369	**28,083,658**
Local currency - cash and cash equivalents		
Cash on hand	5,750	8,634
Balances with banks	937,327	684,791
	943,077	**693,425**
	26,230,446	**28,777,083**

Local currency - balances with banks

This balance is comprised mostly of cheque deposits made by the Government of the Republic of Trinidad and Tobago which are sent for clearance at the commercial banks. These are settled against commercial banks' reserves balances on the next working day.

5. Investments

	Sept 2010 $'000	Sept 2009 $'000
Foreign currency investments		
Held to maturity	252,752	298,093
Available for sale	37,585,703	34,074,320
Fair value through profit or loss	5,231	441
Loans and advances	147,206	153,476
	37,990,892	34,526,330
Local currency investments		
Investments in related enterprises (Note 6)	56,382	56,382
Available for sale - Local securities	23,000	23,940
Loans and advances	226,354	1,965,269
	305,736	**2,045,591**
Total investments	**38,296,628**	**36,571,921**
Held to maturity		
Cost	**252,752**	**298,093**
Available for sale investments		
Foreign currency		
Cost	36,749,828	33,504,323
(Discount)/premium	(159,662)	(96,203)
Appreciation in Market Value	440,737	229,771
Appreciation in Foreign Currency	554,800	436,429
	37,585,703	**34,074,320**
Local currency		
Cost	23,001	24,113
(Discount)	(1)	(173)
	23,000	**23,940**
Total available for sale investments	**37,608,703**	**34,098,260**

	Sept 2010 $'000	Sept 2009 $'000
Fair value through profit or loss		
Cost	**5,231**	**441**
Loans and advances		
Foreign currency		
Cost	334,701	347,818
Provision for doubtful debts	(187,495)	(194,342)
	147,206	**153,476**
Local currency		
Cost	296,403	2,159,672
Provision for doubtful debts	(70,049)	(194,403)
	226,354	**1,965,269**
Total loans and advances	**373,560**	**2,118,745**
Investments in related enterprises		
Cost	25,422	25,422
Appreciation in Market Value	30,960	30,960
	56,382	**56,382**
Total Investments	**38,296,628**	**36,571,921**

6. Investment in related enterprises

These Financial Statements include the following related party transactions during the year:-

	Sept 2010 $'000	Sept 2009 $'000
Income:		
Dividend Income	3,552	3,552
Rental Income	1,584	1,331
Other Income	264	161
	5,400	**5,044**
Expenditure		
Salaries and related expenditure	748	875
Other expenses	11,291	3,000
	12,039	**3,875**
Ending period balances		
Investments in related enterprises	56,382	56,382
Receivables from related enterprises	808	4,719
Payables to related enterprises	4,924	3,888

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

	Sept 2010 $'000	Sept 2009 $'000
Investments in related enterprises		
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 business, 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. Pension assets

	Note	Sept 2010 $'000	Sept 2009 $'000
Defined benefit obligation		403,503	302,885
Fair value of assets		(548,061)	(552,543)
		(144,558)	(249,658)
Unrecognised gain/(loss)		(95,344)	11,408
IAS 19 net defined liability/(asset)		**(239,902)**	**(238,250)**
Reconciliation of opening and closing defined benefit			
Opening defined benefit asset		(238,250)	(214,135)
Increase in pension assets			
Pension cost		2,186	(20,919)
Bank contribution paid		(3,838)	(3,196)
	15	(1,652)	(24,115)
Closing defined benefit asset		**(239,902)**	**(238,250)**
Amounts recognised in the earnings statement			
Current service cost		11,738	8,955
Interest on defined benefit obligation		22,989	21,242
Expected return on plan assets		(42,341)	(49,838)
Amortised net gain		-	17,763
Past service cost		9,800	-
Movement in un-utlised assets		-	(19,041)
Net pension cost		**2,186**	**(20,919)**

	Note	Sept 2010 $'000	Sept 2009 $'000
Return on plan assets			
Expected return on plan assets		42,341	49,838
Actuarial (loss)/gain on plan assets		(41,392)	(61,506)
Actual return on plan assets		**949**	**(11,668)**
Actuarial assumptions			
Discount rate		6.25%	7.75%
Expected return on plan assets		6.25%	7.70%
Projected future rate of salary increase		6.00%	7.50%
Value of Pension Scheme Asset		Based on Market Value at Balance Sheet Date	

8. Receivables and prepaid expenses

	Sept 2010 $'000	Sept 2009 $'000
Foreign receivables		
Foreign Interest Receivable	173,220	154,145
Other Receivables	-	6,589
	173,220	**160,734**
Accounts receivable and prepaid expenses		
Interest receivable on domestic investments	80,987	57,769
Other receivables	1,976,813	1,842,482
Prepayments	5,393	4,115
Suspense accounts	4	207,801
Value Added Tax	731	16
	2,063,928	**2,112,183**

9. Subscriptions to International Financial Institutions

	Sept 2010 $'000	Sept 2009 $'000
Banco Latino Americano De Exportaciones	12,985	13,034
Caribbean Development Bank	8,194	8,195
Caribbean Information and Credit Rating Services Ltd.	948	951
International American Development Bank	6,694	6,694
International Bank for Reconstruction and Development	86,087	6,404
International Development Association	5,551	303
International Financial Corporation	333	333
International Monetary Fund	3,179,114	86,768
	3,299,906	**122,682**

The Bank acts as financial agent for the GORTT with these international financial institutions. In previous years the Bank showed only the cash contributions made to these organisations. This financial year, in order to show a fairer view, these amounts have been adjusted to include the portion of the Government's contributions issued to these organisations in the form of Promissory Notes.

10. Other Assets

	Sept 2010 $'000	Sept 2009 $'000
Lease Asset	175,810	186,600
Stocks of notes and coins	95,316	120,006
Consumables	1,466	1,517
	272,592	**308,123**

Lease Asset

In 1995 the Bank entered into a thirty-year finance lease agreement with the Government of the Republic of Trinidad and Tobago for the purchase of the Ministry of Finance Building.

	Sept 2010 $'000	Sept 2009 $'000
Present Value of the minimum lease payments	**175,810**	**186,600**
Broken out as follows:		
Not later than one year	11,006	10,790
later than one year and not later than five years	58,421	57,276
later than five years	106,382	118,534
Present Value of the minimum lease payments	**175,810**	**186,600**

Stocks of notes and coins	Sept 2010 $'000	Sept 2009 $'000
Notes	61,276	76,803
Coins	34,040	43,203
	95,316	**120,006**

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 2010							
Net book value							
Balance b/fwd 01 Oct 2009	174,272	267	20,390	14,187	26,002	16,855	251,973
Transfers	2,407	-	5,830	2,159	429	(10,825)	-
Additions	1,566	-	1,736	3,675	4,186	3,395	14,558
Disposals	-	(58)	-	-	(63)	-	(121)
Revaluation adjustment	-	-	-	-	2,411	-	2,411
Depreciation for the period	(13,427)	(125)	(11,222)	(7,724)	(2,779)	-	(35,277)
Balance c/fwd	164,818	84	16,734	12,297	30,186	9,425	233,544
Represented by:							
Cost	403,991	298	88,036	61,955	46,916	9,425	610,621
Accumulated depreciation	(239,173)	(214)	(71,302)	(49,658)	(16,730)	-	(377,077)
	164,818	84	16,734	12,297	30,186	9,425	233,544
As at 30 September 2009							
Net book value							
Balance b/fwd 01 Oct 2008	178,561	99	28,560	14,619	23,463	7,577	252,879
Transfers	8,735	700	2,283	1,007	3,309	(16,034)	-
Additions	114	4	1,357	5,733	1,678	25,548	34,434
Disposals	(3)	-	(3)	-	(15)	(236)	(257)
Depreciation for the period	(13,135)	(536)	(11,807)	(7,172)	(2,433)	-	(35,083)
Balance c/fwd	174,272	267	20,390	14,187	26,002	16,855	251,973
Represented by:							
Cost	400,018	1,002	82,531	56,120	40,386	16,855	596,912
Accumulated depreciation	(225,746)	(735)	(62,141)	(41,933)	(14,384)	-	(344,939)
	174,272	267	20,390	14,187	26,002	16,855	251,973

12. Demand liabilities

	Sept 2010 $'000	Restated Sept 2009 $'000
Demand liabilities - foreign		
Foreign deposits	11,926	11,130
Government special accounts	71,242	37,677
	83,168	**48,807**
Demand liabilities - local		
Notes in circulation	4,567,902	4,161,494
Coins in circulation	166,881	158,705
Deposits by commercial banks	16,145,799	12,949,007
Deposits by non-banking financial institutions	381,973	404,261
Statutory deposits - insurance companies	59,417	48,120
Deposits by government and government agencies	2,092,863	7,216,447
Deposits by other current accounts	5,218,876	4,300,139
Deposits by regional and international institutions	312,708	415,672
	28,946,419	**29,653,845**

Deposits by financial institutions

The statutory reserve requirement for commercial banks remained at 17 per cent during the fiscal year 2009/2010. As a result the average monthly cash balances held by commercial banks increased by 1.7 per cent. The commercial banks continued to hold a secondary reserve of 2 per cent which was remunerated at 350 basis points below the 'repo' rate.

The reserve requirement for non-banking financial institutions remained unchanged at 9 per cent. Additionally, commercial banks held various special deposits/bills as part of the monetary policy of the Bank. These instruments comprise the following:

- A deposit of $1.5 billion which matures on 28 December 2010.
- A three-month Central Bank bill of face value $500 million issued in November 2009.

13. Accounts payable

	Sept 2010 $'000	Restated Sept 2009 $'000
Accounts payable - Foreign		
Bilateral accounts	5,124	4,697
Pending Trades	8,594,091	8,537,246
	8,599,215	**8,541,943**
Accounts payable - Local		
Trade payables and accrued charges	74,602	42,234
Interest payable	37,714	68,701
Unclaimed monies	4,659	4,751
Government special accounts	25,162	25,593
Blocked accounts	23,356,119	23,637,895
Other payables	1,970,315	1,799,319
	25,468,571	**25,578,493**

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 Government. This is a departure from the definition outlined in IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The provisions shown on the face of the Balance Sheet comprise:

Provisions	Sept 2010 $'000	Sept 2009 $'000
Gold reserve	311,953	195,098
Foreign currency exchange rate reserves	4,158,571	1,175,171
Pension reserve	239,902	238,250
Revaluation reserve on investments	694,119	403,266
	5,404,545	**2,011,785**

15. Income from foreign currency assets

	Sept 2010 $'000	Sept 2009 $'000
Income from Foreign Currency Assets		
Interest on United States Dollar Balances & Securities	732,306	981,607
Interest on Sterling Balances & Securities	6,716	26,764
Interest on other foreign balances & securities	11,413	43,154
Currency (Losses)/Gains realised	(104,430)	(1,283)
Gains from fair value changes	248,144	406,701
	894,149	**1,456,943**
Expenses from Foreign Currency Assets		
Investment Expenses	(29,047)	(26,195)
Losses from fair value changes	(143,895)	(56,091)
	(172,942)	(82,286)
Net income from foreign currency assets	**721,207**	**1,374,657**

16. Interest and other Income from local currency assets

	Sept 2010 $'000	Sept 2009 $'000
Interest Income		
Investments	19,761	7,724
Loans	257,778	58,279
Other	9,044	7,947
	286,583	**73,950**
Other Income		
Increase in pension assets (Note 7)	1,652	24,115
General Earnings	2,255	176,866
Income from International Monetary Fund	1,098	1,542
Dividends	3,552	3,552
Fees charged to financial institutions	8,821	8,457
Profit on sale of assets	110	296
Other	5,971	7,639
	23,459	**222,467**

General Earnings for 2009 include an amount of $168 million relating to the closure of the Building Fund.

17. Other operating expenses

	Sept 2010 $'000	Sept 2009 $'000
Other operating expenses include:		
National Financial Literacy Programme Contributions	11,291	3,000
Advertising and public relations	2,825	2,928
Computer expenses	8,349	8,213
Electricity	3,982	4,143
Insurance	2,244	2,206
Legal fees & settlements	17,280	7,152
Loss on disposal of assets (see Note 10)	121	17
Maintenance cost	18,668	18,438
Printing & stationery	3,611	3,669
Professional fees	2,888	4,821

18. Taxation

	Sept 2010 $'000	Sept 2009 $'000
Business Levy	7	7
Tax paid/payable by the Bank was calculated as follows:		
Net surplus	531,751	1,157,771
Corporation tax @ 25%	-	-
Income not subject to tax	531,751	1,157,771
Business Levy	7	7
Tax Charge	7	7

19. Capital commitments

There was $1,204,439 in outstanding commitments for capital expenditure as at 30 September 2010 (30 September, 2009 – $5,655,543).

20. Leasehold obligations – operating leases

a. Operating leases where the Bank is the lessor

The Bank had entered into lease arrangements in 2010 with three companies 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

The restated Statement of Financial Position for the year ended 30 September 2009 resulted from re-classification of some items in order to achieve a clearer or more transparent presentation.

Restatement of Statement of Financial Position Items as at 30 September 2009	Movement Sept 2009 $'000
LIABILITIES	
Foreign currency liabilities	
Demand liabilities - foreign	(4,697)
Accounts payable	8,541,943
Local currency liabilities	
Accounts payable	(8,537,246)
Net restatement of liabilities	-

22. National Financial Literacy Programme

In January 2007, the Bank launched the National Financial Literacy Programme. The main objectives of the programme are to:

- sensitise the population about the significance of personal financial planning, budgeting and management;
- provide the public with the tools and skills necessary to enable them to confront financial issues with a greater degree of confidence and knowledge; and
- develop the awareness and consciousness of the public in general about the benefits and risks of the financial products and services.

	Sept 2010 $'000	Sept 2009 $'000
Receipts		
Contributions Received	11,737	7,048
Total Receipts	**11,737**	**7,048**
Payments		
Administrative Cost	98	251
Advertising & Printing Material	4,513	5,685
Consultancy & Lecture Fees	1,999	2,458
Salaries	517	718
Other - MIF & Website Development	-	414
Total Expenditure	**7,127**	**9,526**
Net receipts over payments/ (payments over receipts) for the period	4,610	(2,478)
Balance brought forward	(4,478)	(2,000)
Balance carried forward	**132**	**(4,478)**
Represented in the Financial Statements by:		
Accounts Receivable	-	4,486
Bank Account	(132)	(8)
	(132)	**4,478**

23. Capital

	Sept 2010 $'000	Sept 2009 $'000
Authorised capital	800,000	800,000
Paid-up capital	800,000	800,000

24. 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 2010 $'000	Sept 2009 $'000
Short-term employee benefits	34,888	26,268
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Equity compensation benefits	-	-
Directors' Fees	828	969

25. Contingent liabilities

There were several litigation matters outstanding as at 30 September 2010 amounting to $19.8 million (2009 - $4.3 million).

26. 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 Company (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 2010 $'000	Sept 2009 $'000
Assets		
Advances to Government re CLICO and BAT	-	1,709,094
Amounts recoverable from CLF re CIB Liabilities	1,866,165	1,770,427
	1,866,165	**3,479,521**
Liabilities		
Promissory Notes to First Citizens Bank Limited re CIB Liabilities	**1,866,165**	**1,770,427**

27. Statement of Financial Position – Current/Non-Current distinction

	Sept 2010		
ASSETS	**Current $'000**	**Non-Current $'000**	**Total $'000**
Foreign currency assets			
Foreign currency cash and cash equivalents	25,287,369	-	25,287,369
Foreign currency securities	3,983,131	34,007,761	37,990,892
Foreign receivables	173,220	-	173,220
Subscriptions to international financial institutions	-	3,299,906	3,299,906
International Monetary Fund - Holdings of Special Drawing Rights	-	2,609,900	2,609,900
	29,443,720	**39,917,567**	**69,361,287**
Local currency assets			
Local currency cash and cash equivalents	943,077	-	943,077
Local investments	4,842	300,894	305,736
Pension asset	-	239,902	239,902
Accounts receivable and prepaid expenses	2,051,623	12,305	2,063,928
Other assets	1,467	271,125	272,592
Property, plant and equipment	-	233,544	233,544
	3,001,009	**1,057,770**	**4,058,779**
TOTAL ASSETS	**32,444,729**	**40,975,337**	**73,420,066**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	-	83,168	83,168
International Monetary Fund - Allocation of Special Drawing Rights	-	3,042,088	3,042,088
Accounts Payable	5,124	8,594,091	8,599,215
	5,124	**11,719,347**	**11,724,471**
Local currency liabilities			
Demand liabilities - local	13,027,771	15,918,648	28,946,419
Accounts payable	1,995,751	23,472,820	25,468,571
Provision for transfer of surplus to government	478,605	-	478,605
Provisions	-	5,404,545	5,404,545
	15,502,127	**44,796,013**	**60,298,140**
CAPITAL AND RESERVES			
Capital	-	800,000	800,000
General Reserve	-	588,049	588,049
Retained Earnings	-	9,406	9,406
	-	**1,397,455**	**1,397,455**
	15,507,251	**57,912,815**	**73,420,066**

27. Statement of Financial Position – Current/Non-Current distinction (cont'd)

	Restated Sept 2009		
ASSETS	**Current $'000**	**Non-Current $'000**	**Total $'000**
Foreign currency assets			
Foreign currency cash and cash equivalents	28,083,658	-	28,083,658
Foreign currency securities	3,428,660	31,097,670	34,526,330
Foreign receivables	160,734	-	160,734
Subscriptions to international financial institutions	-	122,682	122,682
International Monetary Fund - Holdings of Special Drawing Rights	-	2,678,803	2,678,803
	31,673,052	**33,899,155**	**65,572,207**
Local currency assets			
Local currency cash and cash equivalents	693,425	-	693,425
Local investments	31,291	2,014,300	2,045,591
Pension asset	-	238,250	238,250
Accounts receivable and prepaid expenses	17,269	2,094,914	2,112,183
Other assets	10,790	297,333	308,123
Property, plant and equipment	-	251,973	251,973
	752,775	**4,896,770**	**5,649,545**
TOTAL ASSETS	**32,425,827**	**38,795,925**	**71,221,752**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	-	48,807	48,807
International Monetary Fund - Allocation of Special Drawing Rights	-	3,122,392	3,122,392
Accounts payable	8,541,943	-	8,541,943
	8,541,943	**3,171,199**	**11,713,142**
Local currency liabilities			
Demand liabilities - local	17,800,576	11,853,269	29,653,845
Accounts payable	15,980,691	9,597,802	25,578,493
Provision for transfer of surplus to government	920,171	-	920,171
Provisions	-	2,011,785	2,011,785
	34,701,438	**23,462,856**	**58,164,294**
CAPITAL AND RESERVES			
Capital	-	800,000	800,000
General Reserve	-	534,871	534,871
Retained Earnings	-	9,445	9,445
	-	**1,344,316**	**1,344,316**
	43,243,381	**27,978,371**	**71,221,752**

28. Parent

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

Statement of Financial Position
As at 30 September 2010

	Sept 2010 $'000	Restated Sept 2009 $'000
ASSETS		
Foreign currency assets		
Foreign currency cash and cash equivalents	25,287,369	28,083,658
Foreign currency securities	37,990,892	34,526,330
Foreign receivables	173,220	160,734
Subscriptions to international financial institutions	3,299,906	122,682
International Monetary Fund - Holdings of Special Drawing Rights	2,609,900	2,678,803
	69,361,287	**65,572,207**
Local currency assets		
Local currency cash and cash equivalents	943,077	693,425
Local investments	299,736	2,039,591
Pension asset	239,902	238,250
Accounts receivable and prepaid expenses	2,063,928	2,112,183
Other assets	272,592	308,123
Property, plant and equipment	233,544	251,973
	4,052,779	**5,643,545**
TOTAL ASSETS	**73,414,066**	**71,215,752**
LIABILITIES		
Foreign currency liabilities		
Demand liabilities - foreign	83,168	48,807
International Monetary Fund - Allocation of Special Drawing Rights	3,042,088	3,122,392
Accounts Payable	8,599,215	8,541,943
	11,724,471	**11,713,142**
Local currency liabilities		
Demand liabilities - local	28,946,419	29,653,845
Accounts payable	25,471,977	25,581,938
Provision for transfer of surplus to government	478,605	920,171
Provisions	5,404,545	2,011,785
	60,301,546	**58,167,739**
CAPITAL AND RESERVES		
Capital	800,000	800,000
General Reserve	588,049	534,871
	1,388,049	**1,334,871**
TOTAL LIABILITIES, CAPITAL AND RESERVES	**73,414,066**	**71,215,752**

28. Parent cont'd

Statement of Comprehensive Income
For the year ended 30 September 2010

	Sept 2010 $'000	Sept 2009 $'000
Income from foreign currency assets		
Interest income	750,435	1,051,525
Investment expense	(29,048)	(26,195)
	721,387	1,025,330
(Loss)/gain from currency translations	(104,430)	(1,283)
Gain from fair value changes	248,144	406,701
(Loss) from fair value changes	(143,895)	(56,091)
	104,249	350,610
	721,206	**1,374,657**
Income from local currency assets		
Interest income	286,583	73,950
Rental income	1,587	1,364
Other income	23,459	222,167
	311,629	**297,481**
Decrease in provisions	128,544	141,010
Total income	**1,161,379**	**1,813,148**
Operating expenses		
Printing and minting of coins	52,863	55,828
Salaries and related expenses	157,656	116,468
Interest paid	248,712	349,557
Directors' fees	806	940
Depreciation	35,278	35,083
Other operating expenses	134,281	97,772
Increase in provisions	-	-
Total operating expenses	**629,596**	**655,648**
Net surplus for the year	**531,783**	**1,157,500**
Total comprehensive income for the year	**531,783**	**1,157,500**

28. Parent cont'd

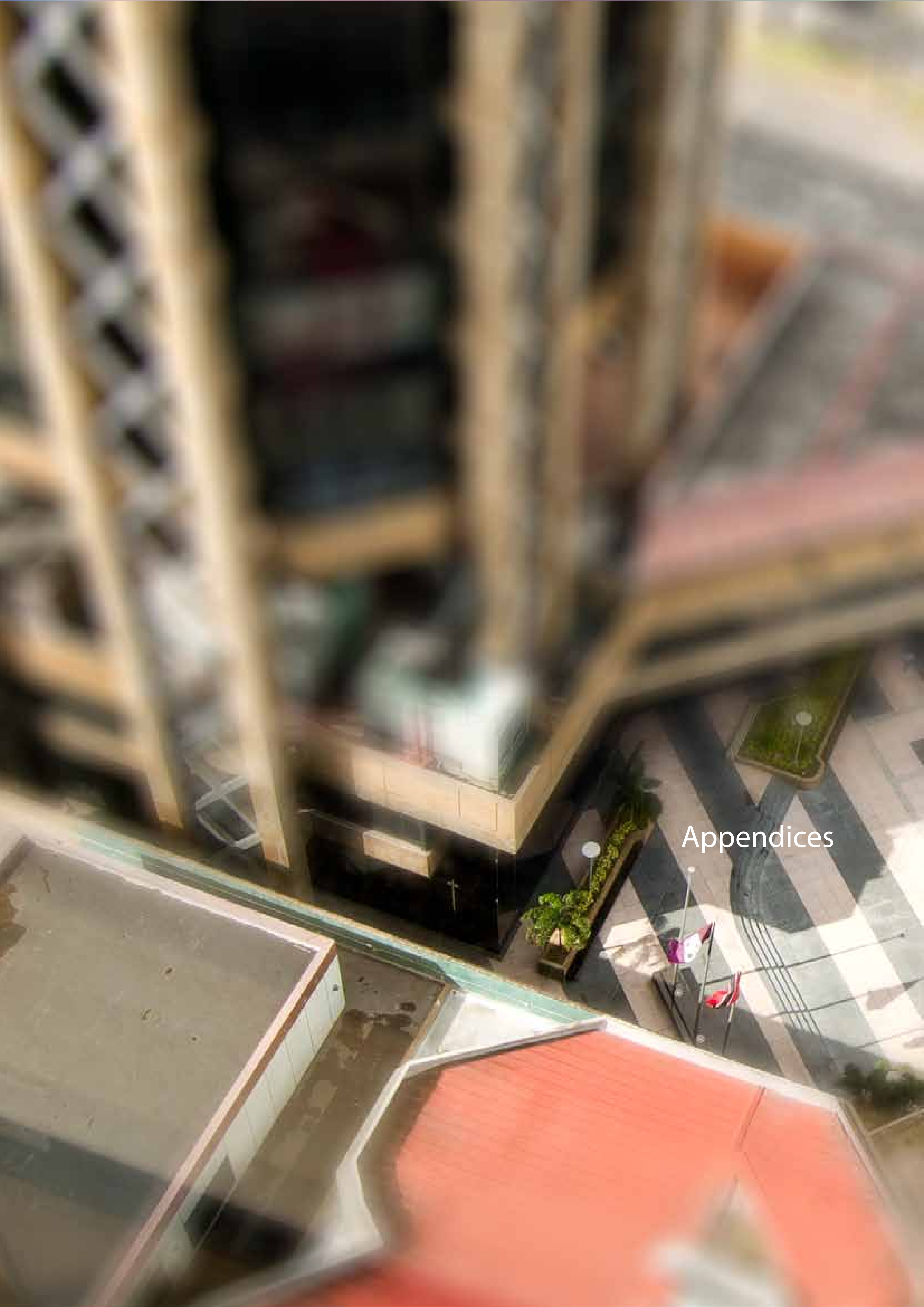
Statement of Changes in Equity
For the year ended 30 September 2010

	Issued and Fully Paid Up Capital $'000	General Reserves $'000	Retained Earnings $'000	Total $'000
Balance as at 1 October 2008	761,874	428,394	-	1,190,268
Net surplus for the period	-	-	1,157,500	1,157,500
Transfer of surplus to Consolidated Fund	-	-	(1,012,897)	(1,012,897)
Transfer to general reserve	-	106,477	(106,477)	-
Transfer to paid-up capital	38,126	-	(38,126)	-
Balance as at 30 September 2009	800,000	534,871	-	1,334,871
Balance as at 1 October 2009	800,000	534,871	-	1,334,871
Net surplus for the year	-	-	531,783	531,783
Transfer of surplus to Consolidated Fund	-	-	(478,605)	(478,605)
Transfer to general reserve	-	53,178	(53,178)	-
Balance as at 30 September 2010	800,000	588,049	-	1,388,049

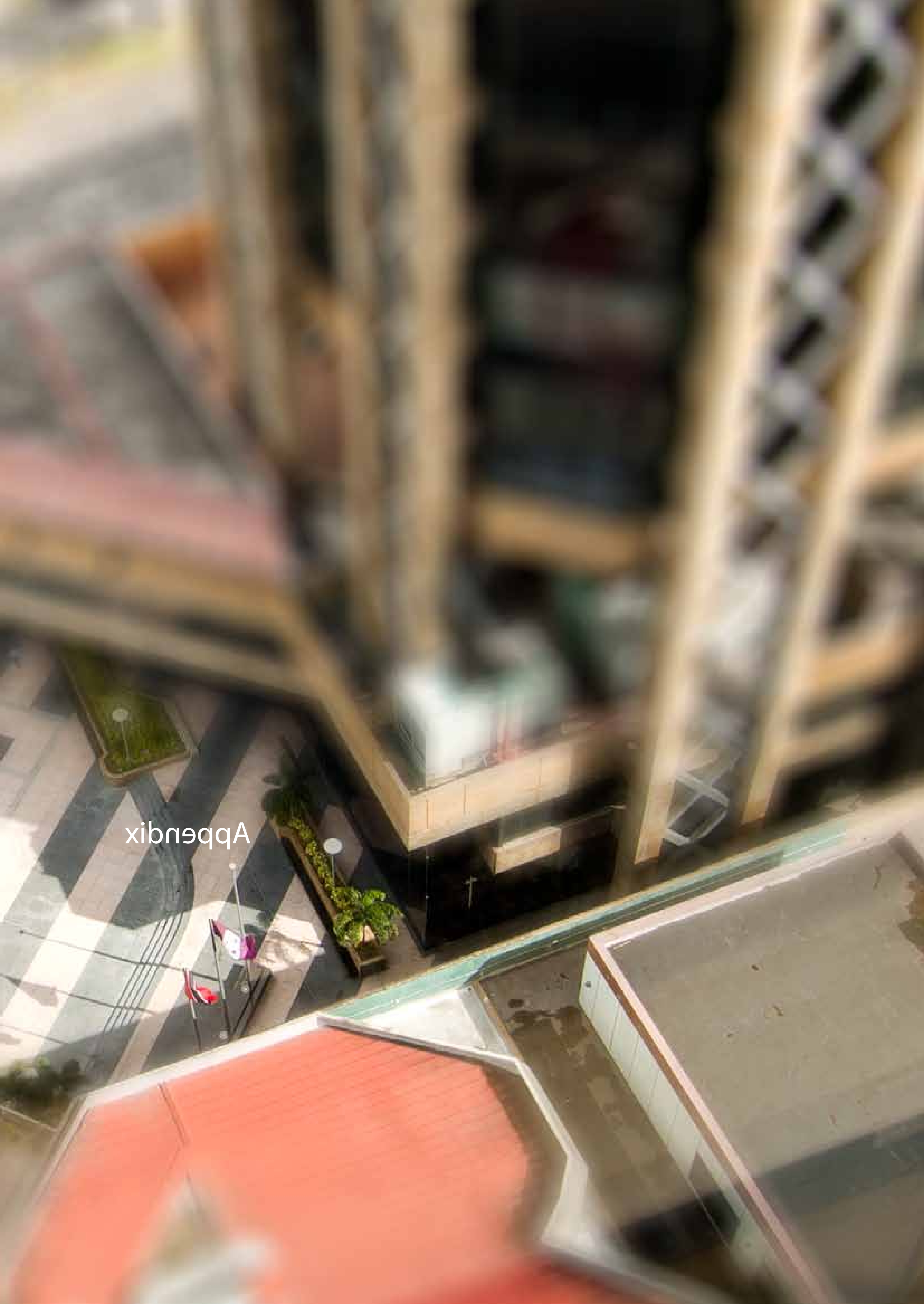
28. Parent (cont'd)

Statement of Cash flows
For the year ended 30 September 2010

	Sept 2010 $'000	Sept 2009 $'000
Cash flows from operating activities		
Net surplus for the year before taxation	531,783	1,157,500
Adjustments for:		
Depreciation	35,278	35,083
Net loss/(gain) on disposal of fixed assets	11	(279)
Interest income	(1,007,969)	(1,099,279)
Interest expense	248,712	349,557
Dividend income	(3,552)	(3,252)
Provisions	(128,544)	(141,010)
Revaluation of Artwork	(2,411)	-
Building fund	-	(175,656)
Gold reserves	116,855	57,034
Foreign currency differences in monetary assets & liabilities	61,769	(201,625)
Cash outflows before changes in operating assets and liabilities	**(148,068)**	**(21,927)**
Changes in operating assets and liabilities		
Decrease/(Increase) in accounts receivable & prepaid expenses	77,747	(1,969,224)
Decrease/(Increase) in other assets	24,741	(36,379)
(Increase) in pension asset	(1,652)	(24,115)
(Decrease)/Increase in accounts payable and other liabilities	(694,768)	5,804,323
Net cash flow (used in)/from operations	**(742,000)**	**3,752,678**
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,558)	(34,434)
Proceeds from sale of property, plant and equipment	110	536
Net purchase of investments/proceeds from sale of investments	(251,251)	(5,942,795)
Net repayment of loans and advances	1,869,541	(1,839,902)
Interest received	965,675	1,151,554
Dividends received	3,552	3,252
Interest paid	(279,699)	(336,550)
(Decrease)/Increase in International Monetary Fund Holdings of Special Drawing Rights	(11,402)	9,484
Payment to Consolidated Fund	(920,171)	(1,078,295)
Net cash flow from/(used in) investing activities	**1,361,797**	**(8,067,150)**
Cash flows from financing activities		
Purchase of shares in international financial institutions	(3,177,224)	(1,221)
Lease payment	10,790	10,579
Net cash flow (used in)/from financing activities	**(3,166,434)**	**9,358**
Net (decrease) in cash and cash equivalents	(2,546,637)	(4,305,114)
Cash and cash equivalents, beginning of year	28,777,083	33,082,197
Cash and cash equivalents, end of year	**26,230,446**	**28,777,083**



Appendices



Appendix

TABLE A.1
CURRENCY IN CIRCULATION
2007-2010
(Dollars Thousands)

End of Month	Notes (Old TT)	Notes (Republic)	Total Notes in Circulation	Coins	Total Currency in Circulation
2007	19,087	3,278,686	3,297,729	137,005	3,434,734
2008	19,087	3,812,333	3,831,377	149,916	3,981,293
Oct-09	19,044	4,091,271	4,110,315	159,482	4,269,797
Nov-09	19,044	4,228,073	4,247,117	160,454	4,407,571
Dec-09	19,044	4,675,787	4,694,831	161,367	4,856,198
Jan-10	19,044	4,171,381	4,190,425	161,419	4,351,844
Feb-10	19,044	4,254,227	4,273,271	161,559	4,434,830
Mar-10	19,044	4,477,434	4,496,478	162,272	4,658,750
Apr-10	19,044	4,353,198	4,372,242	162,887	4,535,129
May-10	19,044	4,485,724	4,504,768	163,728	4,668,496
Jun-10	19,044	4,512,050	4,531,094	164,560	4,695,654
Jul-10	19,044	4,569,174	4,588,218	165,352	4,753,570
Aug-10	19,044	4,507,243	4,526,287	166,060	4,692,347
Sep-10	19,044	4,543,137	4,562,181	166,862	4,729,043

Source: Central Bank of Trinidad and Tobago.

TABLE A.2
CENTRAL BANK STATEMENT OF LIABILITIES AND ASSETS
2009-2010
(TT Dollars Thousands)

	LIABILITIES								ASSETS							
		DEPOSITS							EXTERNAL ASSETS							
End of Month	Currency in Circulation Total	Commercial Banks	Non-Bank Financial Institutions	Government & Governmental Organisations [1]	International Organisations	Other Liabilities	Capital & Reserve Funds	Total Liabilities	Balances with Banks Abroad [2]	Other Foreign Securities	Gold Subscription to International Monetary Fund	Subscriptions to International Organisations	SDR's	TT Dollar Securities	Other Assets including Fixed Assets	Total Assets
2007/08																
OCTOBER	3,969,876	9,089,294	410,825	18,590,616	443,276	25,550,009	1,190,268	59,244,164	30,627,242	27,103,201	25,402	96,071	9,171	255,272	1,127,805	59,244,164
NOVEMBER	3,988,564	9,907,594	396,939	15,530,789	428,089	26,989,304	1,190,268	58,431,547	28,931,802	28,039,694	25,402	96,058	6,571	245,108	1,086,912	58,431,547
DECEMBER	4,494,198	10,607,636	411,770	16,313,638	428,089	29,132,274	1,190,268	62,577,873	30,950,806	29,926,388	25,402	96,102	6,571	195,351	1,377,253	62,577,873
JANUARY	3,937,579	10,642,989	412,697	16,592,993	428,089	27,399,891	1,190,268	60,604,506	30,093,346	29,203,674	25,402	96,091	6,571	195,778	983,644	60,604,506
FEBRUARY	4,222,666	11,368,614	407,501	15,845,266	428,089	29,600,322	1,190,268	63,062,725	27,894,411	31,128,451	25,402	96,057	5,910	705,985	3,206,509	63,062,725
MARCH	4,216,868	11,825,975	399,379	15,174,621	437,847	28,699,517	1,190,268	61,944,475	29,334,661	28,591,934	25,402	97,191	6,095	1,006,395	2,882,797	61,944,475
APRIL	4,241,450	10,444,106	416,598	17,377,087	435,287	28,939,557	1,190,268	63,044,353	31,002,450	27,718,883	25,402	97,170	5,978	1,392,612	2,801,858	63,044,353
MAY	4,208,990	11,306,251	403,120	15,788,414	435,287	29,365,764	1,190,268	62,698,094	29,907,492	27,987,302	25,402	97,155	5,782	1,448,336	3,226,625	62,698,094
JUNE	4,266,636	10,730,077	405,869	14,978,124	449,504	29,472,876	1,190,268	61,493,354	30,406,739	27,009,007	25,402	97,172	5,971	1,024,380	2,924,683	61,493,354
JULY	4,219,611	10,851,605	406,170	13,986,980	449,504	28,772,428	1,190,268	59,876,566	28,809,351	27,113,524	25,402	97,176	5,971	1,046,739	2,778,403	59,876,566
AUGUST	4,254,304	11,395,526	409,362	13,004,561	2,868,424	29,688,771	1,190,268	62,811,216	28,231,316	28,061,318	25,402	97,214	2,424,835	1,047,221	2,923,910	62,811,216
SEPTEMBER	4,320,199	12,949,007	404,261	11,932,258	3,122,392	37,152,764	1,334,871	71,215,752	28,083,658	34,526,330	25,402	97,280	2,678,803	2,039,591	3,764,688	71,215,752
2008/09																
OCTOBER	4,276,245	13,913,335	403,223	10,537,384	3,122,392	33,787,420	1,334,871	67,374,870	27,537,852	32,214,841	25,402	97,242	2,678,803	1,808,485	3,012,245	67,374,870
NOVEMBER	4,411,529	14,820,069	447,484	8,299,627	3,122,392	33,546,174	1,334,871	65,982,146	26,411,436	32,050,148	25,402	97,268	2,678,784	1,807,096	2,912,012	65,982,146
DECEMBER	4,861,929	14,558,455	403,030	7,594,589	3,122,392	33,170,392	1,334,871	65,045,658	25,440,115	31,866,608	25,402	97,297	2,678,784	1,807,047	3,130,405	65,045,658
JANUARY	4,357,282	14,845,844	397,666	8,389,557	3,122,392	34,246,540	1,334,871	66,694,152	25,666,536	33,454,925	25,402	97,251	2,678,784	1,807,250	2,964,004	66,694,152
FEBRUARY	4,442,352	14,474,521	398,846	6,827,541	3,122,392	35,651,251	1,334,871	66,251,774	24,932,883	34,229,556	25,402	97,329	2,678,767	1,177,116	3,110,721	66,251,774
MARCH	4,666,146	14,679,984	392,895	7,512,290	3,122,392	36,472,518	1,334,871	68,181,096	25,940,424	35,092,451	25,402	97,332	2,678,767	1,168,322	3,178,398	68,181,096
APRIL	4,543,444	14,593,613	389,561	8,887,759	3,122,392	31,724,812	1,334,871	64,596,452	26,951,506	31,485,168	25,402	97,277	2,678,741	375,761	2,982,597	64,596,452
MAY	4,675,442	15,241,618	373,337	7,589,654	3,042,088	35,342,924	1,334,871	67,599,934	26,409,635	35,076,618	25,402	97,312	2,609,840	375,341	3,005,786	67,599,934
JUNE	4,703,088	16,348,095	372,823	8,171,290	3,042,088	31,915,017	1,334,871	65,887,272	27,472,762	31,776,481	25,402	97,325	2,609,840	499,284	3,406,178	65,887,272
JULY	4,761,401	15,342,785	374,914	9,288,152	3,042,088	33,508,539	1,334,871	67,652,750	27,255,055	34,095,360	25,402	97,239	2,609,840	498,863	3,070,991	67,652,750
AUGUST	4,698,803	15,938,361	375,850	6,641,801	3,042,088	32,689,276	1,334,871	64,721,050	24,291,053	34,123,960	25,402	97,266	2,609,901	499,561	3,073,907	64,721,050
SEPTEMBER	4,734,784	16,145,799	381,973	7,624,447	3,042,088	40,096,927	1,388,049	73,414,067	25,287,369	37,990,892	3,179,114	120,793	2,609,901	299,736	3,926,262	73,414,067

Source: Central Bank of Trinidad and Tobago.
[1] Includes Exchequer, Trust Funds and Other Public Deposits, Government 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 2010

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves ($000)	Average Cash Reserves ($000)
7-Oct-09	42,893,588	7,291,910	10,811,973
14-Oct-09	43,170,459	7,338,978	11,141,328
21-Oct-09	43,483,094	7,392,126	10,726,753
28-Oct-09	43,869,453	7,457,807	10,924,034
4-Nov-09	44,098,706	7,496,780	9,349,146
11-Nov-09	44,530,971	7,570,265	10,025,950
18-Nov-09	44,981,965	7,646,934	9,720,302
25-Nov-09	45,369,388	7,712,796	9,501,082
2-Dec-09	45,817,812	7,789,028	10,428,449
9-Dec-09	46,303,988	7,871,678	10,898,518
16-Dec-09	46,772,865	7,951,387	10,194,299
23-Dec-09	47,077,729	8,003,214	10,318,687
30-Dec-09	47,386,318	8,055,674	9,943,914
6-Jan-10	48,044,529	8,167,570	9,421,711
13-Jan-10	48,665,924	8,273,207	9,499,578
20-Jan-10	49,065,876	8,341,199	9,284,927
27-Jan-10	49,274,853	8,376,725	9,610,121
3-Feb-10	49,069,635	8,341,838	10,617,337
10-Feb-10	48,857,647	8,305,800	9,949,037
17-Feb-10	48,929,641	8,318,039	10,007,120
24-Feb-10	49,032,159	8,335,467	9,685,863
3-Mar-10	49,125,347	8,351,309	9,774,973
10-Mar-10	49,275,553	8,376,844	10,150,956
17-Mar-10	49,196,094	8,363,336	10,248,668
24-Mar-10	49,256,671	8,373,634	10,458,644
31-Mar-10	49,318,612	8,384,164	10,193,612
7-Apr-10	49,342,694	8,388,258	10,622,056
14-Apr-10	49,423,965	8,402,074	10,219,871
21-Apr-10	49,547,676	8,423,105	9,104,125
28-Apr-10	49,444,771	8,405,611	9,529,417
5-May-10	49,444,771	8,405,611	9,870,587
12-May-10	48,947,265	8,321,035	10,095,370
19-May-10	48,769,159	8,290,757	10,601,996
26-May-10	48,752,329	8,287,896	10,623,878
2-Jun-10	49,091,494	8,345,554	10,688,049
9-Jun-10	49,306,153	8,382,046	11,250,139
16-Jun-10	49,472,612	8,410,344	11,489,183
23-Jun-10	49,704,282	8,449,728	11,548,019
30-Jun-10	49,866,971	8,477,385	11,850,756
7-Jul-10	50,016,324	8,502,775	10,664,813
14-Jul-10	50,276,688	8,547,037	10,934,370
21-Jul-10	50,310,788	8,552,834	10,645,163
28-Jul-10	50,233,035	8,539,616	10,347,333
4-Aug-10	50,020,229	8,503,439	10,994,942
11-Aug-10	49,794,194	8,465,013	11,072,392
18-Aug-10	49,791,571	8,464,567	11,184,842
25-Aug-10	49,844,965	8,473,644	11,163,797
1-Sep-10	50,036,924	8,506,277	11,288,197
8-Sep-10	50,253,135	8,543,033	11,691,891
15-Sep-10	50,420,453	8,571,477	11,842,286
22-Sep-10	50,676,759	8,615,049	11,813,549
29-Sep-10	50,888,282	8,651,008	11,159,890

Source: Central Bank of Trinidad and Tobago.

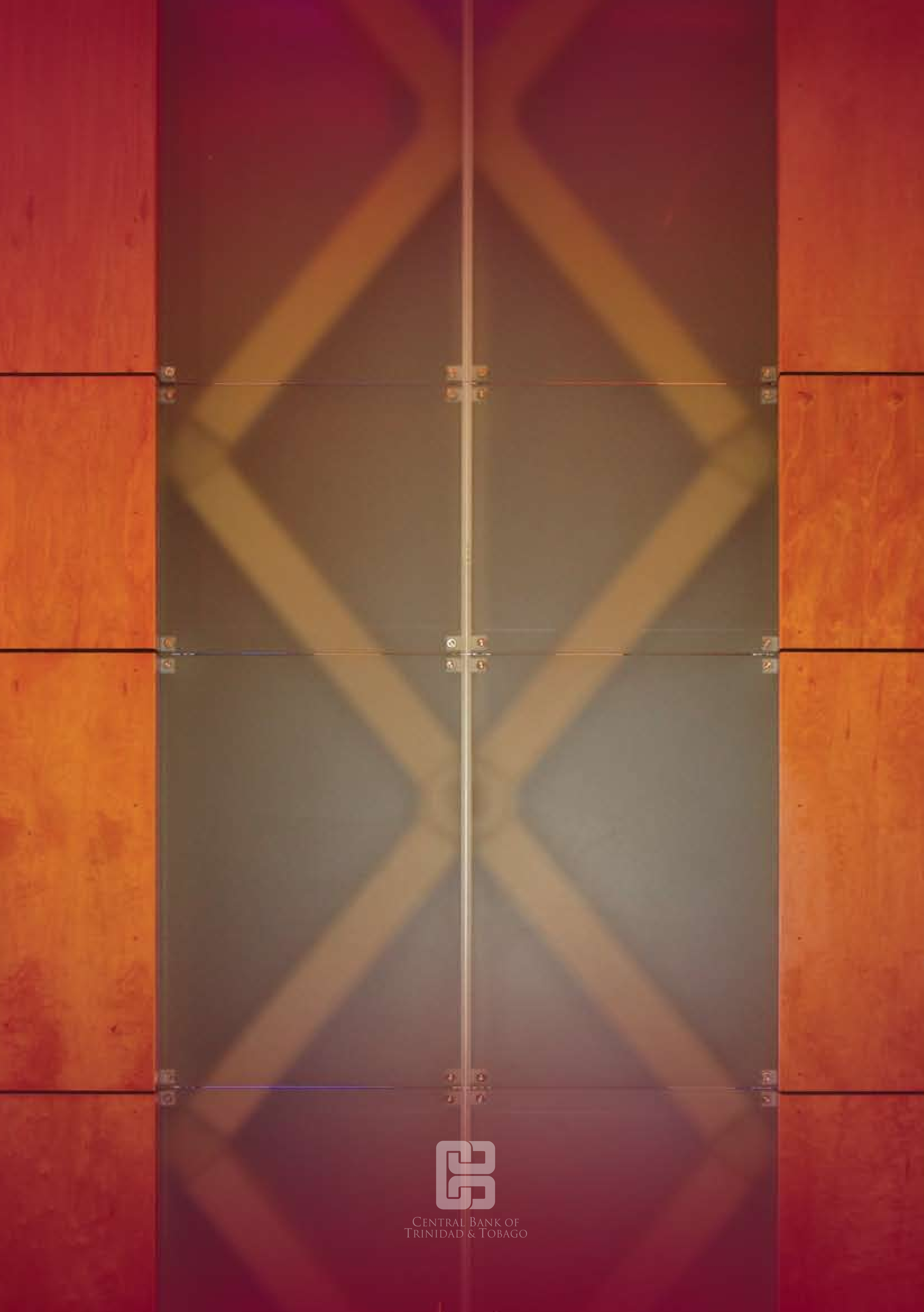
TABLE A.4

NON-BANK FINANCIAL INSTITUTIONS: AVERAGE DEPOSIT LIABILITIES, REQUIRED CASH RESERVES AND ACTUAL CASH RESERVES

For Period Ending September 2010

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves ($000)	Average Cash Reserves ($000)
7-Oct-09	2,359,611	212,365	212,484
14-Oct-09	2,366,533	212,988	213,125
21-Oct-09	2,360,744	212,467	212,935
28-Oct-09	2,354,800	211,932	212,411
4-Nov-09	2,349,833	211,485	212,240
11-Nov-09	2,341,878	210,769	211,942
18-Nov-09	2,337,078	210,337	211,586
25-Nov-09	2,331,967	209,877	211,237
2-Dec-09	2,331,011	209,791	211,236
9-Dec-09	2,338,356	210,452	211,796
16-Dec-09	2,340,700	210,663	211,995
23-Dec-09	2,344,433	210,999	214,639
30-Dec-09	2,342,778	210,850	212,218
6-Jan-10	2,328,478	209,563	210,984
13-Jan-10	2,315,056	208,355	209,812
20-Jan-10	2,293,378	206,404	207,928
27-Jan-10	2,280,956	205,286	206,853
3-Feb-10	2,277,744	204,997	206,601
10-Feb-10	2,279,800	205,182	206,887
17-Feb-10	2,288,978	206,008	207,868
24-Feb-10	2,290,167	206,115	234,282
3-Mar-10	2,285,856	205,727	207,893
10-Mar-10	2,270,278	204,325	206,606
17-Mar-10	2,253,744	202,837	205,239
24-Mar-10	2,237,567	201,381	203,386
31-Mar-10	2,222,133	199,992	202,083
7-Apr-10	1,715,144	154,363	186,355
14-Apr-10	2,173,856	195,647	205,680
21-Apr-10	2,134,200	192,078	202,167
28-Apr-10	2,095,767	188,619	198,749
5-May-10	2,071,278	186,415	196,580
12-May-10	2,051,422	184,628	186,845
19-May-10	2,025,633	182,307	184,484
26-May-10	2,004,256	180,383	182,525
2-Jun-10	1,974,044	177,664	179,726
9-Jun-10	1,972,156	177,494	179,310
16-Jun-10	1,983,944	178,555	180,306
23-Jun-10	1,989,600	179,064	180,751
30-Jun-10	2,003,822	180,344	182,011
7-Jul-10	1,996,189	179,657	181,310
14-Jul-10	2,007,467	180,672	182,287
21-Jul-10	2,018,667	181,680	183,210
28-Jul-10	2,029,456	182,651	184,102
4-Aug-10	2,042,789	183,851	185,259
11-Aug-10	2,039,022	183,512	187,457
18-Aug-10	2,036,911	183,322	184,720
25-Aug-10	2,040,378	183,634	185,037
1-Sep-10	2,041,000	183,690	185,037
8-Sep-10	2,042,889	183,860	185,227
15-Sep-10	2,069,611	186,265	187,612
22-Sep-10	2,086,644	187,798	189,449
29-Sep-10	2,108,600	189,774	191,160

Source: Central Bank of Trinidad and Tobago.


Central Bank of
Trinidad & Tobago