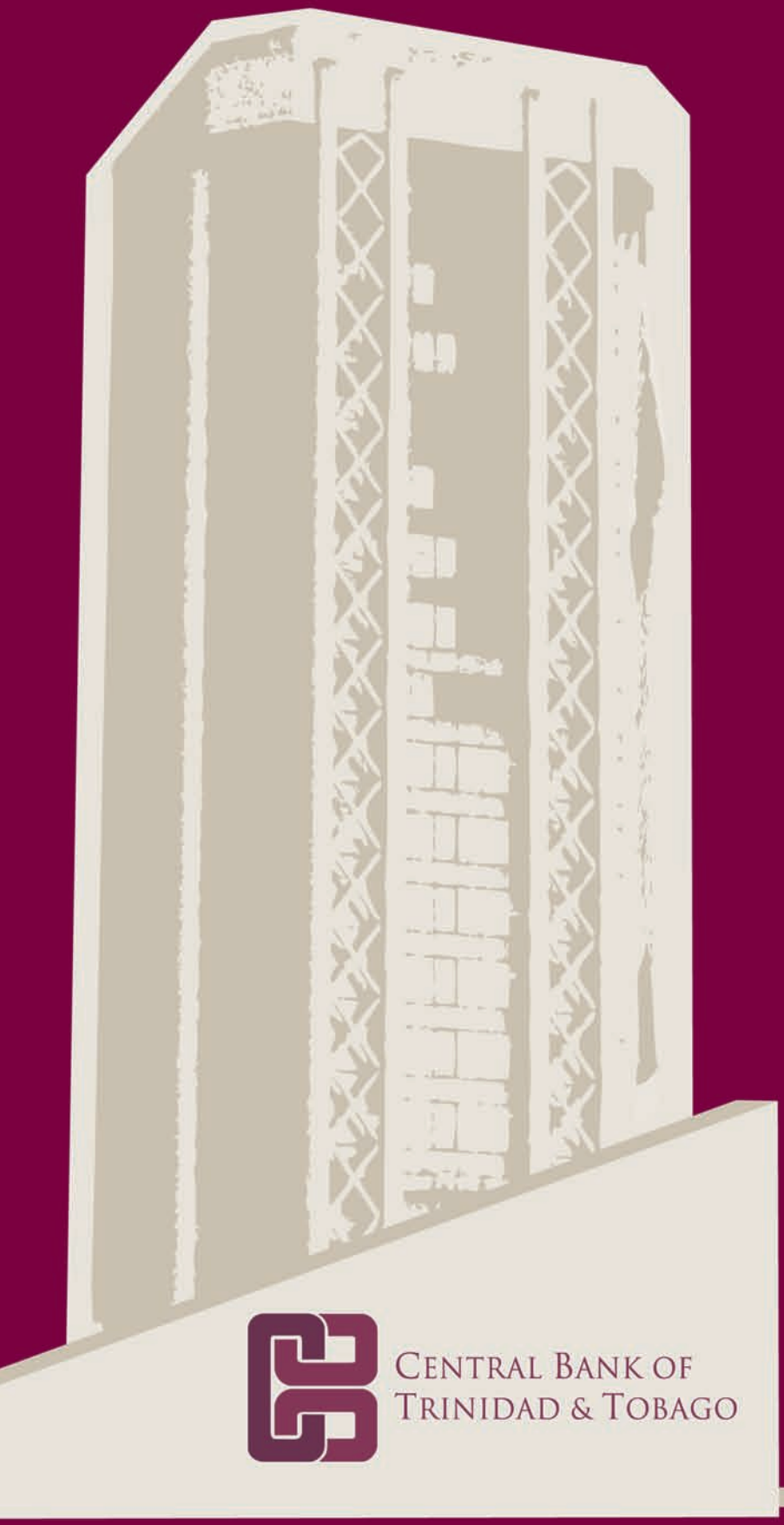


2009 ANNUAL REPORT

CENTRAL BANK OF TRINIDAD & TOBAGO

ISSN 1818-0000

Letter of Transmittal

Ewart S. Williams
Governor

December 31, 2009

The Honourable Karen Nunez-Tesheira
Minister of Finance
Ministry of Finance
Eric Williams Finance Building
Independence Square
Port of Spain

REF: CB-G: 191/09

Dear Minister Nunez-Tesheira

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, 2009, together with a copy of the Annual Audited Statement of Accounts certified by the Auditors.

Yours sincerely,

Ewart S. Williams

Encls.

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.

Table of Contents

Governor's Foreword

Ewart S. Williams
Chairman of the Board and Governor

The international recession that took hold in late 2008 created severe strains for industrial as well as emerging markets and other developing countries. Most economies contracted or slowed considerably in a context of rising unemployment, while trade and financial flows weakened. Banking systems, particularly in the United States and Europe, came under enormous pressure prompting massive support packages by central banks and governments. In addition, many governments embarked on large fiscal stimulus programmes to compensate for the withdrawal of private sector investment in the uncertain economic environment.

In an environment of depressed global demand, international prices of energy and other commodities softened from their peaks of early 2008 and inflation rates plummeted. Most central banks loosened monetary policy, providing liquidity to banks in order to facilitate credit expansion. By the third quarter of 2009, signs emerged that the worst of the global downturn may have been over and a slow recovery was in train, despite still very weak employment numbers.

Several countries in the Caribbean were hit by lower export commodity prices, reduced trade and tourism earnings and a fall in remittances and inward investments. As a consequence, they had to rely on external assistance to weather the storm and there was renewed access to borrowing from the International Monetary Fund and other multilateral lending agencies. The Trinidad and Tobago economy was also negatively affected, primarily through reduced international energy prices and weaker demand for non-energy exports. As a result, domestic economic activity slowed while inflationary pressures relented. Such was the setting in which the Central Bank of Trinidad and Tobago operated in late 2008 and 2009, the year of its 45th anniversary of incorporation.

At the start of the financial year, with 12-month inflation at an unacceptably high level of over 15 per cent, monetary policy remained tight and the 'repo' rate was kept at 8.75 per cent until March 2009. By this time, with inflation starting to recede and contagion from the global crisis affecting the local economy, the Central Bank adopted a more accommodative stance. The 'repo' rate was reduced on eight occasions in 2009 by a total of 350 basis points while inflation hit a low of 1.5 per cent in November 2009. There was some asymmetry in the response of private sector credit to monetary policy. During the tight policy phase which extended to March 2009, credit slowed considerably.

Governor's Foreword

However, there was little evidence that the subsequent easing of monetary policy led to a pick-up in private sector credit and commercial banks remained flush with liquidity by year-end.

While the domestic financial system survived the contagion effects from the international financial crisis, a large domestically-based conglomerate faced severe financial difficulties resulting from a balance sheet mismatch and the impact of a particularly risky operating framework. In early 2009, as the problems became more acute, opening up the likelihood of massive and destabilizing withdrawal of funds from the conglomerates' financial subsidiaries (one bank and two insurance companies), the Government and Central Bank stepped in. A strategy aimed at ensuring that adequate resources were available to protect the interests of the commercial bank's depositors and insurance policyholders was developed, thereby shoring up confidence in the financial system as a whole.

Aside from the provision of short-term liquidity and guarantees for depositors' funds, the Central Bank intervened in the operations of the bank and insurance companies in late January 2009. The commercial bank's licence was suspended, its third party assets and liabilities were transferred to another local bank, and it is to be put into liquidation shortly. In exchange for collateral and an equity interest, the Government committed to provide funding to the insurance company to help reconstitute a large shortfall in its Statutory Fund and re-establish its business operations on a sound footing.

With generally strong capital, a low rate of non-performing loans and minimal exposure to the sub-prime mortgage assets that characterized US banks, the overall financial system in Trinidad and Tobago remains healthy. However, the problems in the conglomerate brought renewed urgency to filling gaps in regulation and supervision, particularly as regards insurance companies. The successful passage of the Financial Institutions Act (2008) and fast-track amendments to existing insurance legislation in 2009 gave the Central Bank expanded powers to deal more effectively with financial institutions, while work advanced on a new Insurance Act which is expected to be enacted in early 2010. Proposals for legislation governing credit unions were also discussed at public consultations.

In terms of institutional developments, the Bank made important advances in strengthening the payments system, notably via improvements in the Real Time Gross Settlements System (RTGS) and Automatic Clearing House (ACH). Internally, the Bank has continued to streamline its work processes and upgrade the skills of its staff to effectively deal with the evolving regulatory and other challenges. Outreach activities were also stepped up, notably in the area of student education under the National Financial Literacy Programme and in October, the Bank published the first of its semi-annual Financial Stability Reports.

The upcoming year is expected to be no less challenging. As the incipient global recovery takes hold, domestic economic activity is expected to pick up. The Bank will need to be especially vigilant to ensure that monetary policy strikes the right balance between keeping inflation low and supporting an expansion of private sector production. Enhanced coordination with fiscal policy will be critical during the recovery phase.

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

Mr. Ewart S. Williams
Governor

Ms. Joan John
Deputy Governor
Operations

Dr. Shelton Nicholls
Deputy Governor
Research & Policy

Mr. Carl Hiralal
Inspector of Financial
Institutions

Mrs. Nicole Crooks
Senior Manager
Human Resource
and Corporate Services

Mr. Alister Noel
Senior Manager
Operations

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

Ms. Wendy Ho Sing
Deputy Inspector
Financial Institutions

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

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

Mrs. Michelle Francis-Pantor
Assistant Manager,
Policy and Basel II, FISD

Mr. Richard Frederick
Security Operations
Officer

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

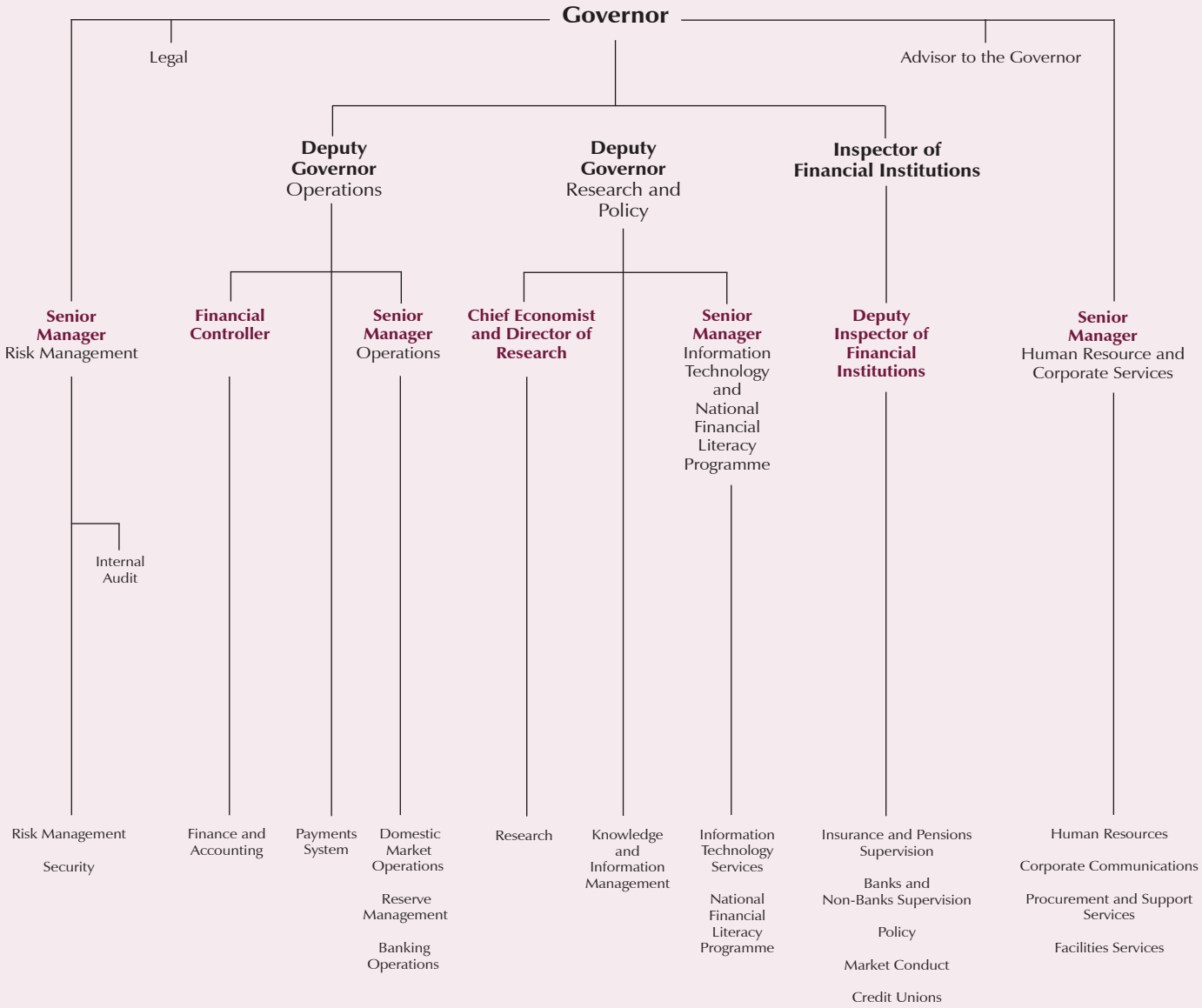
Mr. Gaston Harrison
Assistant Manager,
Human Resources

Mr. Garnett Samuel
Assistant Manager,
Research

Mr. Adrian Saunders
Assistant Manager,
Market Conduct, FISD

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

Organizational Structure - September 2009



Review of Activities 2008 - 2009

HIGHLIGHTS

The financial year 2008-2009 was marked by a very difficult period for the global economy with its attendant negative effects on Trinidad and Tobago. The highlights of the Bank's activities during the year included:

- The consistent application of tight monetary policies which succeeded in reducing inflation in the early months of 2009. With clear signs that inflation was on a downward trend while economic activity was on the decline, there was a shift to a more accommodating monetary policy through reductions in the 'repo' rate.

- Prompt adjustments of external reserve management policies to avoid losses from the turbulence in international financial markets in late 2008 and early 2009.

- Central Bank's intervention in the operations of two insurance companies and one investment bank belonging to the region's largest conglomerate. The move was designed to protect the interest of policyholders and depositors and to facilitate a restructuring of the conglomerate group.

- Taking steps, including via the provision of short-term liquidity and guarantees, to limit potential contagion on the local financial industry arising from the difficulties faced by the intervened financial institutions.

- Strengthening the financial infrastructure through: (i) enactment of the Financial Institutions Act 2008; (ii) amendment to the Insurance Act giving the Central Bank the authority to issue compliance directions, suspend the operations of insurance companies and strengthen the Statutory Fund[1]; (iii) passage of the Proceeds of Crime Amendment Act 2009, the Financial Intelligence Unit Act 2009 and the Financial Obligations Regulations 2009; and (iv) major advances in preparation for a new Credit Union Act.

- Publication of the Central Bank's *first Financial Stability Report*.

- The expansion of the National Financial Literacy Programme and the integration of financial literacy into the secondary school curriculum.

- Issuance of a commemorative circulation $100 note to celebrate the country's hosting of the 60th Commonwealth Heads of Government Meeting on November 27-29, 2009.

- Hosting of CARICOM Central Bank Governors' Meeting on October 31, 2008.

[1] The Statutory Fund is a mandatory protection mechanism for policyholders whereby insurance companies are required to maintain assets to match policyholder liabilities.

Review of Activities 2008 - 2009

ECONOMIC DEVELOPMENTS

International Economic Environment

The last 18 months have been a most difficult period for the global economy. The financial crisis which emerged in late 2008 in the United States quickly evolved into one of the broadest and deepest crises that the world has experienced in the post-World War II period. Consequently, what started off as major turbulence in financial markets gave rise to broad-based contractions in production, investment, trade and labour markets. Many of the advanced countries entered into recession and growth slowed markedly in emerging and developing economies. Unemployment increased rapidly in most of the advanced economies with the jobless rate reaching double digits in the US and just under 10 per cent in Europe. Simultaneously, steep declines in international commodity prices and weak demand resulted in a drop in inflation rates to very low or negative levels.

Economic activity in the CARICOM region was hit by the falloff in global tourism, worker remittances and demand for the region's commodity exports. Tourist arrivals and remittances are estimated to have fallen by an average of 10-15 per cent. Plummeting demand and prices for aluminium have battered the bauxite exporting economies of Jamaica, Suriname and Guyana, resulting in a large reduction in export receipts, government revenue, output and employment.

In the latter half of 2009, signs emerged of an easing in the global economic crisis. This was primarily due to the monetary and fiscal stimulus measures implemented in developed and emerging market economies.[2] Latest estimates from the International Monetary Fund suggest a contraction of 1.1 per cent in 2009 and that the turnaround could take hold in 2010, with the global economy expanding by 3.1 per cent. Most CARICOM countries are projected to register negative growth in 2009.

A major policy dilemma that has emerged for the developed countries is the need to maintain the fiscal stimulus packages to promote growth while guarding against the emergence of inflation and an unsustainable expansion of the public debt. With concerns that the private sector is not yet fully in a position to take over from the public activity still in train, there is a risk that premature withdrawal of fiscal stimulus measures could at best lead to a delay in the recovery and at worst promote a double-dip recession.

Domestic Economy

Trinidad and Tobago also felt the effects of the global recession. Data for the first half of 2009 pointed to a contraction in the construction and the distribution sectors and a substantial fall in manufacturing output, reflecting reduced demand from regional markets. While there was some pick-up in the energy sector by mid-year due to higher output of natural gas and petrochemicals, activity in the non-energy sector remained depressed as reflected in several indicators of private demand including consumer credit, sales of construction materials, consumer durables and automobiles. Real GDP is estimated to have declined by 3.6 per cent in the second quarter of 2009 (year-on-year), following declines of 4.6 per cent in the previous quarter and 1.0 per cent in the last quarter of 2008.

On the labour front, the unemployment rate rose to 5.8 per cent in the third quarter of 2009, up from 3.9 per cent at the end of 2008. The bulk of the job losses during the first half of 2009 were in the finance, distribution, manufacturing and energy sectors. The slump in domestic demand as well as the delayed impact of declines in international food prices contributed to a sharp fall in the headline inflation rate—from a high of 15.4 per cent in October 2008 to 1.5 per cent in November 2009 (year-on-year). Over this period, food inflation dropped from 34.6

[2] See Box 1 in the Appendix for some of the changes in the international financial architecture prompted by the financial crisis.

per cent to 0.4 per cent while core inflation declined from 5.8 per cent to 2.1 per cent.

The fiscal situation was also seriously affected by the international recession. The decline in international energy prices from the highs of early 2008 prompted the Government to revise its revenue estimates within the first few months of the fiscal year on two occasions. Despite some cuts in capital spending, the central government's fiscal operations for FY 2008/09 resulted in an overall deficit equivalent to 5.3 per cent of GDP following several years of surplus. The Ministry of Finance estimates that gross public debt rose to 31.3 per cent of GDP at September 2009 from 25.1 per cent of GDP at September 2008.

Lower energy prices combined with a drop in non-energy exports also contributed to a narrowing of the current account surplus on the capital account, the lowering of the interest rate differential between Trinidad and Tobago and the United States contributed to a significant increase in capital outflows. Gross official international reserves declined to US$8.8 billion at the end of November 2009 from US$9.4 billion at the start of 2009. The level of reserves as at end 2009 included the Special Drawing Rights (SDR) allocation of US$441 million which were received on September 9, 2009.

Monetary Policy

At the beginning of the financial year, the Central Bank kept a clear focus on inflation which remained unacceptably high—15.4 per cent on a year-on-year basis in October 2008. Consequently, while interest rates in the United States and Europe were on a steep decline, the stance of monetary policy which characterized the previous several months was maintained: the reserve requirement was raised from 15 to 17 per cent of deposit liabilities in November and the Bank's policy rate, the 'repo' rate, which had been raised by 25 basis points to 8.75 per cent in September was held at that level for six months.

With the high interest rate policy, private sector credit growth continued to slow considerably, reaching 3.2 per cent (year-on-year) in March 2009 from the double-digit levels in 2008. When the downward trend in inflation was well-established, and with increasing evidence of slowing economic activity, the Central Bank began to ease monetary policy. Accordingly, the 'repo' rate was reduced on eight separate occasions between March and December 2009 by a total of 350 basis points to 5.25 per cent.

Slowing credit demand contributed to an increase in excess liquidity, (measured by the level of commercial bank reserves at the Central Bank above the statutory levels) which rose from an average of under $2 billion in early 2009 to over $3 billion in the third quarter. As a result, commercial banks made little use of the inter-bank market or the Central Bank's repurchase window. Interest rates fell across the board—interbank rates from close to 7 per cent to less than 2 per cent. Government 3-month treasury bill rates dropped by a similar magnitude, resulting in a narrowing of the interest rate differential with US 3-month treasury bill rates from 6.07 per cent to 1.39 per cent between January and November 2009.

During the year, there was limited scope for liquidity absorption through the issue of treasury bills and notes due to legislative ceilings on open market operations. However, several public sector bond placements helped to temporarily reduce excess reserves in the financial system. At the same time, a $500 million compulsory deposit facility that matured in June 2009 was renewed for another year and in early November, commercial banks were required to deposit $2 billion in interest-bearing accounts at the Central Bank for a period of one year to eighteen months. The sale of US$1.7 billion by the Central Bank to authorized foreign exchange dealers in the first eleven months of 2009 also helped to absorb liquidity.

Review of Activities 2008 - 2009

Despite the more accommodative monetary policy stance, private sector credit from the consolidated financial system declined on a year-on-year basis to -2.0 per cent in October 2009. All credit categories—consumer lending, business credit and mortgage lending—lost momentum during the year.

FINANCIAL SYSTEM SURVEILLANCE

Supervision of Licensed Financial Institutions and Pension Plans

For the most part, the domestic financial system was not severely affected by the global financial crisis. This performance can be attributed to the strong capital base of the banking sector, banks' reliance on domestic deposits rather than foreign borrowing as a source of funding and the non-exposure of the sector as a whole to sub-prime mortgages. The banking system remained stable and profitable throughout the year with the aggregate capital adequacy ratio averaging 20 per cent, well above the 8 per cent statutory minimum and slightly better than the previous year. Non-performing loans also remained low at less than 2 per cent of total loans. The problems faced by one bank and two insurance companies that required Central Bank intervention were related to their higher-risk operating model and to the financial difficulties faced by their holding company - a large conglomerate.

The insurance industry recorded growth in premiums, both in the life and non-life sectors. Growth in the life insurance sector continues to be in wealth management products. As a result, the sector's exposure to interest rate and credit risk is increasing.

Pension plans continued to report an overall surplus position and remained in compliance with the new equity investment limit which was increased from 50 per cent a year ago. Investment of pension plan assets has been shifting from equities towards government and corporate bonds due to the increasing availability of such securities.

Notwithstanding the overall soundness of the financial system, in early 2009, the Bank had to exercise its emergency powers under section 44 D of the Central Bank Act and took control of two insurance companies and one investment bank. The financial condition of these three entities which were part of a major regional conglomerate that was itself experiencing financial difficulties, threatened the interests of their policyholders and depositors and, due to their significant market share, posed systemic risks to the financial system. The Central Bank intervention served to reinforce the need for enhanced regulation and prompted the enactment of amendments to the Insurance Act in February 2009. Rehabilitation efforts are underway for the insurance companies while plans to wind up the investment bank are in train.

During the year, the Central Bank conducted its programme of on-site examinations of banks, insurance companies and pension plans. The examinations focused on key risk areas including loan underwriting, investment operations, claims processing, loss reserves held by insurance companies and related-party transactions. In addition, assessments of the effectiveness of the internal control framework, risk management and governance practices were carried out.

Following the passage of the Financial Institutions Act 2008 (the FIA 2008) in December 2008, compliance directions were issued to two banks that failed to comply with certain legislative requirements including timely publication of consolidated financial statements and filing of statutory accounts.

A review of companies' compliance with Anti-Money Laundering/Combating the Financing of Terrorism requirements of the Proceeds of Crime Act was incorporated in eight of the on-site examinations. The Central Bank also effectively participated in the development of three related pieces of legislation: The Financial Obligations Regulations 2009, the Proceeds of Crime (Amendment) Bill 2009 and the Financial Intelligence Unit Bill 2009, to assist with the combating of money laundering and terrorist financing.

Legislative and Regulatory Framework

The enactment of the FIA in December 2008 marked the completion of the first of four pieces of legislation being modernized. Several instructing circulars and draft guidelines were issued to the industry to promote compliance with the new provisions of the legislation. As regards the insurance sector, a number of fast-track amendments were enacted in February 2009 to treat with some immediate issues and covered: (i) quarterly reporting; (ii) ensuring that the Statutory Fund is sufficient to provide policyholder protection on an ongoing basis, rather than only at the end of the year as required by the previous legislation; (iii) timely corrective action; and (iv) authorizing the sharing of information with other regulators.

With respect to the remaining pieces of legislation, a new Insurance Bill is expected to be presented to Parliament early in 2010. The new Bill will contain provisions for upgrading risk management in the insurance industry. To this end, a consistent actuarial valuation methodology and a risk-based capital framework were tested and subsequently revised during the year. In addition, a Policy Proposal Document to inform the drafting of an Occupational Pensions Bill is being developed and will be circulated to the industry later this year.

The Central Bank held several rounds of consultation with the credit union sector and the public in order to finalize a Policy Proposal Document on a new Credit Union Bill. This new Bill is expected to be presented to Parliament early in 2010. Meanwhile, Parliament has granted the Central Bank emergency powers to take action to protect the interests of the members and depositors in credit unions.

The Central Bank Act was also amended to allow the Bank to recover costs incurred in the supervision of institutions that it licenses and regulates.

Discussions on a proposed cost recovery framework have been held with the banking and insurance sectors and a Policy Document will be issued to the industry for consultation. The cost recovery system is expected to be implemented in 2010.

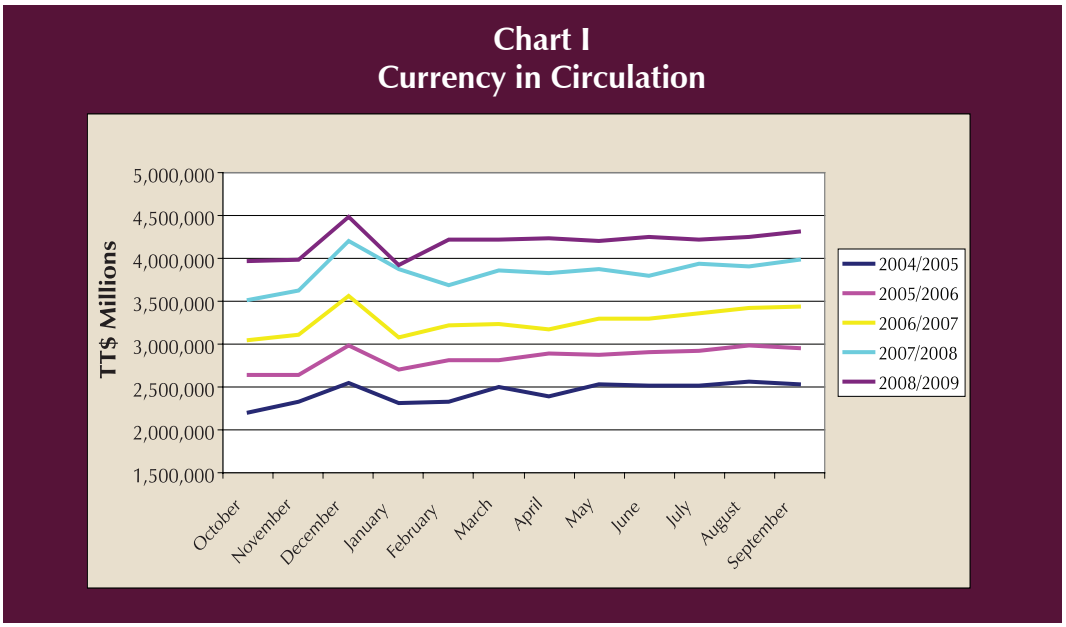
PAYMENTS SYSTEM OVERSIGHT

Following the passage of FIA 2008, the Bank established *Guidelines for the Application for Interbank Payment System Licences* and provisional licences were issued to the two non-Central Bank payment system operators - InfoLink Services Limited (ISL) and Trinidad and Tobago Interbank Payments System Limited (TTIPS).

The Bank continued to promote the use of electronic payments through two broad initiatives:

- In collaboration with the Ministry of Finance, it completed a Policy Document for the use of E-Payments by Government, which was approved in April 2009.
- Through the Payments System Council (PSC) for which the Bank provides the secretariat, a survey was developed to ascertain the levels of understanding and use of electronic payments by small, medium and large businesses. This survey was distributed electronically to various business organizations in October 2009 and the information gathered is currently being analyzed. In order to gauge knowledge and

Review of Activities 2008 - 2009



use by consumers of electronic payments, the Payments System Council has approached the Central Statistical Office (CSO) to include questions on electronic payments in the Continuous Sample Survey of the Population which the CSO administers periodically.

The Oversight Assessments of the local Automated Clearinghouse and the Cheque Clearinghouse indicated that both of these were broadly observant of the Core Principles for Systemically Important Payment Systems.

In September 2009, the Bank collaborated with the World Bank to conduct a Financial Infrastructure Diagnostic Review of Trinidad and Tobago. This review, which was designed to comprehensively assess payments and securities clearance and settlement systems, collateral registries and credit infrastructure and remittance systems, was the first exercise of its kind to be executed by the World Bank. A report on the findings of the diagnostic review is carded for completion in 2010.

BANKING OPERATIONS

Currency in Circulation

Currency in circulation increased by 8.3 per cent to $4,312 million for the fiscal year 2008/2009, compared with a growth rate of 15.9 per cent in the previous year. The slowdown in the growth rate of currency in circulation reflects the increasing use of electronic forms of payment. There was, however, little change in the broad seasonal pattern of currency in circulation which shows peaks in December and declines in January (See Chart I).

The Bank issued a total of 63.8 million new bank notes, 9 per cent less than in the previous year. However, the number of notes reissued increased by 4 per cent from that of the previous year. The $1 denomination continued to represent the largest share of all notes issued (47 per cent) while the 1 cent remained the most widely circulated coin, accounting for 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 2009.

Chart II
Volume of Notes in Circulation by Denomination
2008 / 2009

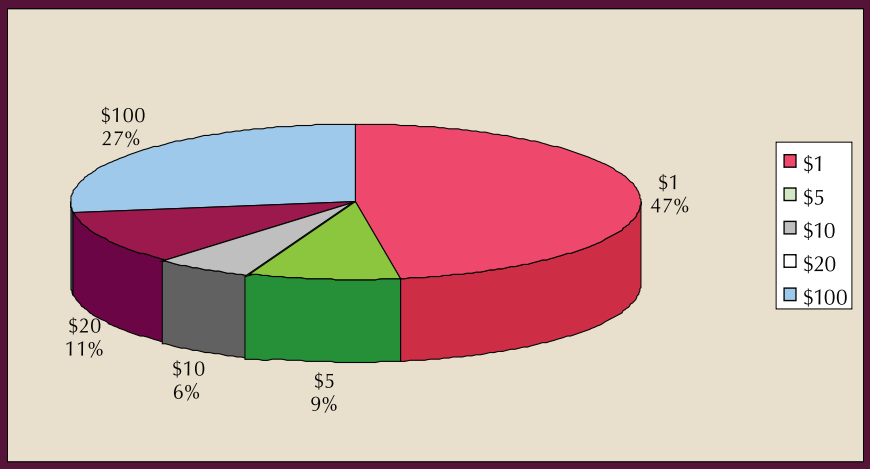
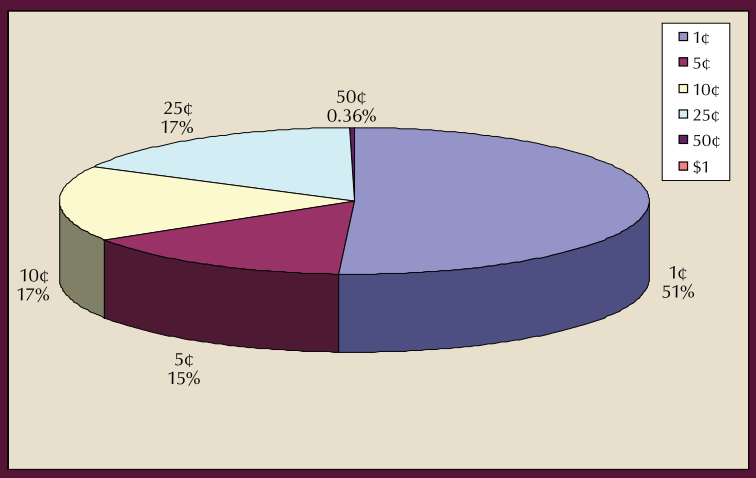


Chart III
Volume of Coins in Circulation by Denomination
2008 / 2009



Clearing and Settlement Arrangements

The Bank continued to be the operator of two interbank payments systems – the Cheque Clearings System and the Real Time Gross Settlement (RTGS) System. The volume of cheques cleared by the Central Bank during 2008/2009 increased by 6 per cent from that in 2007/2008 while the value of these cheques rose by 10 per cent. The Bank continued to manage the manual Cheque Clearinghouse Facility. There was an even larger growth in usage of the electronic means of payment. The monthly average number of transactions settled on Safe-tt, the RTGS, grew by 8.6 per cent to 3,824.

Financial Institutions' Deposits

The deposits of financial institutions held at the Central Bank increased substantially over the year as the Bank took measures to contain excess liquidity in the financial system.

Review of Activities 2008 - 2009

- The statutory reserve requirement for commercial banks was increased from 15 per cent to 17 per cent on November 5, 2008 while that for the non-bank financial institutions remained unchanged at 9 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.

In addition, the commercial banks held a number of special deposits for various maturities. A total of $2.0 billion was held in these deposits at end-September 2009.

Government Transactions

As the main banker to the government, the Bank continued to process most of its cheques. During the year, the volume of Government's inclearings rose by 6 per cent to $2,337 million. In addition, the Bank made payments on various bonds on behalf of government.

- **Public Sector (Arrears of Emoluments) Bonds**
  The encashment of bonds issued under the *Public Sector (Arrears of Emoluments) Act 1995 as amended 1998* amounted to $0.074 million compared with $0.039 million in the previous year.

- **Tax Free-Bonds**
  Principal and interest payments for the 10-year 8 per cent tax free bond December 1995 issued under the Government Savings Bond Act Chap 71:41 amounted to $0.214 million.

- **Registered Bonds**
  The Bank made payments on several bonds issued under the Development Loans Act, Chap 71:04. Total interest paid during the year amounted to $45.9 million compared to $70.7 million in the previous year while a final principal payment of $35 million was made on a 10 per cent bond which matured in October 2008.

Downtown Owners & Merchant Association (DOMA) Facility

Final repayment of loans granted under the DOMA facility, established by the Government in 1990 to provide a subsidy for the interest on loans taken out by merchants to rebuild operations following the attempted coup, is due in 2010. During the fiscal year, a total of $22,159.03 was repaid.

Regional Loans

Several loans advanced to regional countries remain outstanding.

Bank of Guyana Consolidated Debt

The Bank of Guyana debt to the Central Bank and the Government of Trinidad and Tobago (the CARICOM Oil Facility (1981-1982), the Balance of Payments Support Facility (1974-1975) and the Bilateral Settlements Loan (1985) were consolidated into a single loan which was rescheduled under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative of the International Monetary Fund in October 2005 and reduced to US$55 million. The balance outstanding on this loan as at September 30, 2009 was US$51.2 million. During the year, US$3.73 million was repaid and proportionately allocated as follows:

Government of Trinidad and Tobago	- US$0.74 million
Central Bank	- US$2.99 million

Banco Latinamericano De Exportaciones S.A. (BLADEX)

The total amount of BLADEX shares held by the Bank remained unchanged at 160,626.5.

CARICOM Multilateral Clearing Facility (CMCF)

The Central Bank continued to be the agent for the CMCF. At the CARICOM Central Bank Governors' meeting held in Haiti on October 31, 2009, the CMCF Governors agreed to a modality for providing debt relief to Guyana under the HIPC Initiative. Meanwhile, no payments were made during the year and the outstanding balance owed by Guyana to the CMCF was US$31.1 million as at September 30, 2009.

Capital Market

The Government utilized the automated auction system at the Bank for the issuance of several bonds in financial year 2009. The following bonds were issued:

- Government of the Republic of Trinidad and Tobago (GORTT) 7.75 per cent Fixed Rate $1.5 billion bond due April 23, 2024.

- GORTT Fixed Rate $880 million bond.
  - Series 1 $280 million 6.20 per cent bond due June 2016.
  - Series 2 $600 million 6.40 per cent bond due June 2020.

- Housing Development Corporation (HDC) Government Guaranteed 8.25 per cent Fixed Rate $500 million bond due February 2024.

- Water and Sewerage Authority (WASA) Government Guaranteed 6.30 per cent Fixed Rate $300 million bond on June 2, 2009.

- National Insurance Property Development Company Limited (NIPDEC) Government Guaranteed 6.80 per cent Fixed Rate $682 million bond on July 21, 2009.

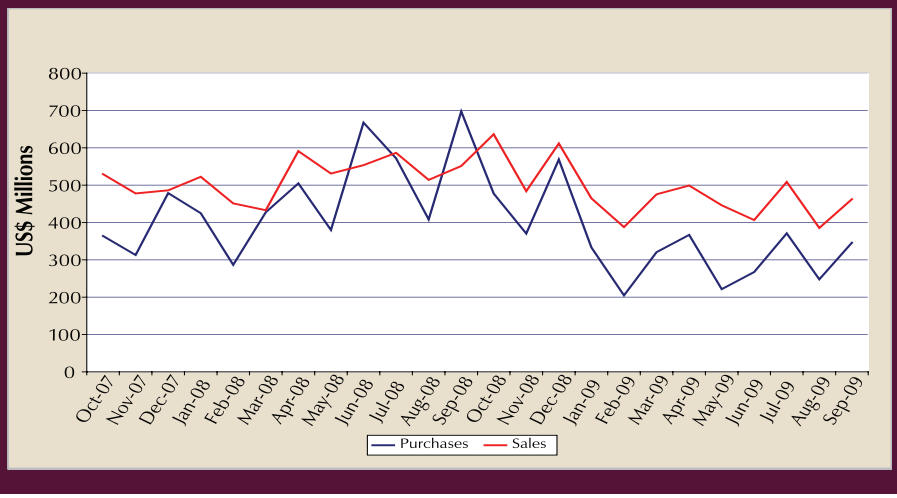
- Trinidad and Tobago Mortgage Finance Company (TTMF) 7.0 per cent Fixed Rate $179 million bond on September 29, 2009.

During the year, the Bank worked with the Stock Exchange to promote greater use of the secondary bond market. As a consequence, there was a modest pick-up in secondary market activity. The volume and value of secondary bond market trades rose by 146 per cent and 250 per cent respectively, compared to the levels in 2008.

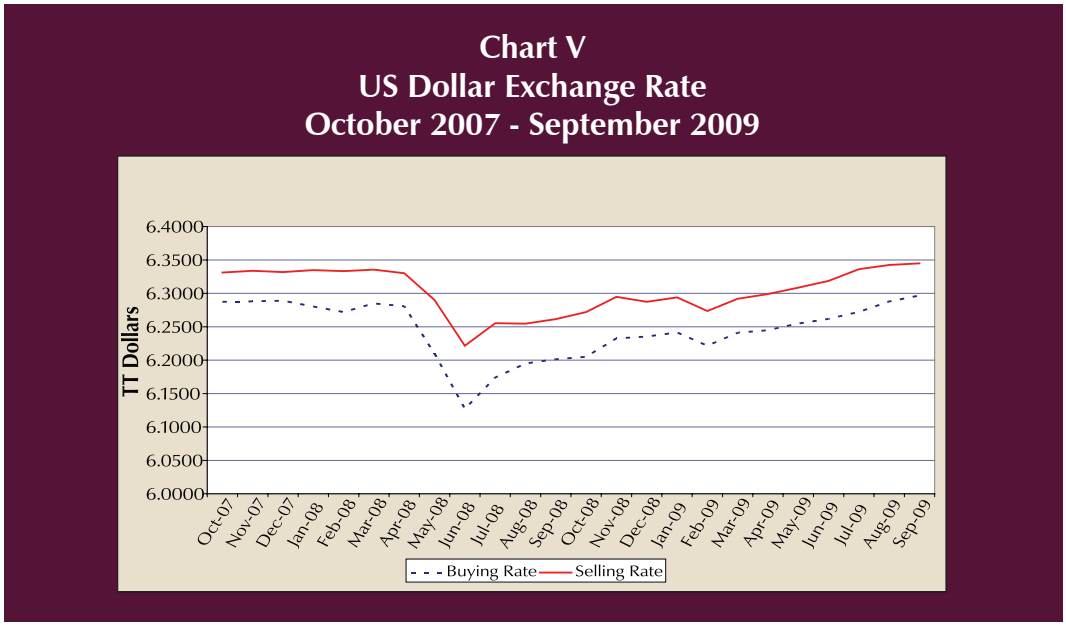
FOREIGN EXCHANGE MARKET OPERATIONS

The global economic slowdown and the decline in international energy prices severely affected foreign exchange inflows to the domestic market in financial year 2008/2009. The total inflows of foreign exchange to the banking system fell by 25.9 per cent to US$4.1 billion from US$5.5 billion in the previous year. With demand for foreign exchange continuing to be robust, the Central Bank intervened regularly in the market, selling a total of US$1.6 billion to the commercial banks. This supported the total sales of US$5.8 billion to the public, slightly below the US$6.2 billion sold in the year earlier period. Chart IV shows the trend in purchases and sales in 2009 compared with 2008.

Chart IV
Purchases and Sales of Foreign Exchange
October 2007 - September 2009



Review of Activities 2008 - 2009



The weighted average exchange rate to the US dollar depreciated slightly over the year. The selling rate for the US dollar depreciated by 1.3 per cent to 6.34487 at September 30, 2009. Chart V shows the trend in the exchange rate since October 2007.

FOREIGN RESERVES MANAGEMENT

The Central Bank continued to manage the country's foreign exchange reserves in accordance with the policies and guidelines established by the Board. Following an increase of US$2.5 billion in reserves in the preceding financial year to US$8.7 billion at the end of September 2008, reserves declined to US$8.4 billion at the end of September 2009. This was largely due to the fall in revenues from the oil and gas sector and the increase in sales to the domestic foreign exchange market. The operating framework was maintained whereby a substantial portion of the reserves was managed internally against the stipulated benchmarks, with the focus on liquidity and capital preservation and a portion managed by external fund managers, with the mandate to seek higher returns within specified risk tolerance ranges.

The turmoil in international financial markets in September 2008 and beyond, the recession in the global economy and the sharp cuts in international interest rates all affected the performance of the portfolio. The return on the foreign reserve portfolio amounted to 4.25 per cent for financial year 2008/2009, compared with 4.48 per cent in the previous year. The partial recovery in spread sector securities (such as asset-backed and mortgage-backed securities) in the latter part of the year had a significant and positive impact on the overall portfolio performance for 2008/2009.

RESEARCH, INFORMATION AND KNOWLEDGE SERVICES

During 2009, the Research Department devoted a significant part of its research agenda on policy papers that were aimed at assisting the Monetary Policy Committee design measures to manage liquidity and make monetary policy more responsive to the rapidly evolving global and domestic developments. Technical research was undertaken on a range of economic issues including: *The Sectoral Distribution of Commercial Bank Credit in Trinidad and Tobago* and *The Decomposition of the Major Influences (including wages, domestic food prices, imported inflation and the money supply) on Inflation in Trinidad and Tobago.*

The Bank expanded its statistical databases for policy analysis by launching surveys with the Trinidad and Tobago Chamber of Commerce and the Trinidad and Tobago Manufacturers' Association. These surveys are designed to gather additional information to facilitate the development of new indicators of economic activity. The information base for the *Survey of Real Estate Prices and Sales* was expanded and a new statistical bulletin – the *Summary Economic Indicators Bulletin* – was published online.

In addition to its Annual Research Review Seminar which was held in January 2009, the Research Department expanded its conference and seminar programme by co-hosting a seminar on Small and Medium-Sized Enterprises in Trinidad and Tobago. The collaborating institutions comprised the Inter-American Development Bank, the Ministry of Labour and Small and Micro Enterprise Development, Ministry of Planning, Housing and the Environment and the Ministry of Trade and Industry.

The Bank completed the first phase of the development and implementation of the system of life cycle records management. *A Legal Holds Programme* was put in place to ensure the availability of the Bank's records in the event of litigation. A Document Management (DM) system was also successfully introduced to facilitate more effective search and retrieval of records while work was advanced on the upgrade of the Library's E-Resources site.

With respect to the Bank's information infrastructure, significant work was also undertaken on re-engineering business and technological processes and updating policies and procedures. Consequently, there has been a substantial reduction in the number of manual transactions. The efficiency of a number of accounting-related processes was also improved with the implementation of several "straight-through" processing modules.

NATIONAL FINANCIAL LITERACY PROGRAMME

In 2009, the National Financial Literacy Programme (NFLP) was further expanded. In addition to increasing the number of participating primary schools, a Secondary Schools Pilot Programme was launched in collaboration with the Ministry of Education. This programme involved a nationwide training workshop for secondary school teachers. The Ministry of Education has since included this programme in its regular secondary school curriculum. The NFLP has also undertaken several initiatives with the Ministry of Social Development and the Ministry of Labour and Small and Micro Enterprise Development.

Primary School students wait to compete at the NFLP Primary School Financial Literacy Quiz in June 2009.

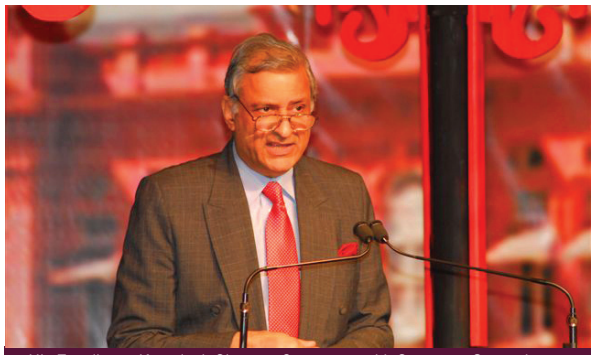
The Programme also conducted close to 200 outreach sessions with various groups throughout Trinidad and Tobago including community groups, employees in the workplace, retirees and persons nearing retirement age and the differently-abled. To assist the differently-abled, three publications were translated into Braille and television advertisements were modified to include simultaneous sign language.

A three-part series of booklets, entitled *Living the Entrepreneurial Dream*, was also launched in October and a booklet called *Protecting Your Shelter: Understanding Property Insurance* was produced in collaboration with the Office of the Financial Services Ombudsman.

Review of Activities 2008 - 2009

OUTREACH PROGRAMMES

Dr. Eric Williams Memorial Lecture



His Excellency Kamalesh Sharma, Commonwealth Secretary General was the feature speaker at the 2009 Dr. Eric Williams Memorial lecture.

The Bank hosted the twenty-third edition of the Dr. Eric Williams Memorial Lecture on May 23, 2009 at the Hyatt Regency Hotel. The lecturer was His Excellency Kamalesh Sharma, the Secretary General of the Commonwealth who spoke on the topic: *We Shall not Lose the World, the Commonwealth Comes to Trinidad and Tobago.*

Pamphlet Series

The Bank published two additional pamphlets in its Public Education Pamphlet Series, which is aimed at providing the general public with information on topics that are relevant to the management of the Trinidad and Tobago economy. The latest pamphlets are entitled: *The Government Securities Market in Trinidad and Tobago* and *The Payments System in Trinidad and Tobago.*

Money Museum

The Bank's Money Museum has continued to attract a wide cross-section of visitors. During the year, 2,490 students from 69 schools as well as 1,104 other individuals visited the museum. The Bank sought to enhance the Museum experience by increasing the amount of written materials available on the Bank and its operations.

Community Outreach

The Bank hosted a number of schools as part of its Outreach Programme. During these sessions, students were introduced to the role and functions of the Bank. The Bank staff also continued to contribute generously to its *We Care Charity Programme*, which assists families and institutions in several rural and sub-urban communities as well as to United Way of Trinidad and Tobago.

In terms of career guidance and training, the Bank continued its Vacation Internship Programme, Youth Transition Workshop, De La Rue Scholarship, Global Young Leaders Conference, Career Fairs and World of Work.

Revolving Art Exhibition and Mini Concert

The Black Stalin acknowledges Governor at the Bank's Mini Concert held on October 16, 2009.

The Bank also continued its support of local art and culture. On November 7, 2008, the Bank hosted its Revolving Art Exhibitions and Mini Concert featuring the work of Master Artist Leroy Clarke and the musical talents of prominent calypsonians - Winston Bailey (the Mighty Shadow), Brother Valentino and Kernel Roberts. On October 16, 2009, the Bank partnered with the Trinidad and Tobago Unified Calypsonians' Organization (TUCO) on the occasion of Calypso History Month 2009 and hosted a mini concert featuring renowned calypsonians Denyse Plummer, the Allrounder, the Black Prince and the Black Stalin.

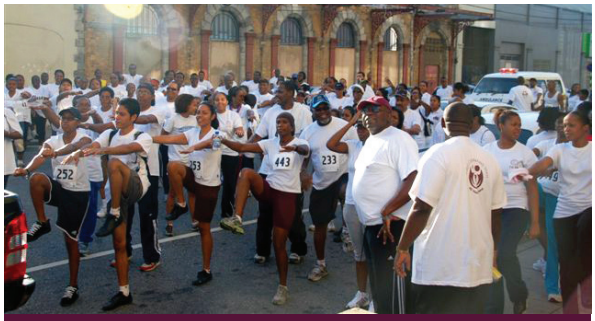
Staff Social Activities

As is customary, the staff celebrated key national events– Emancipation, Eid, Divali and Indian Arrival Day and enjoyed a successful Staff Family Day and the Annual Staff Christmas Dinner. The Bank also participated in the Inter-Bank Football League and the CARIFIN Challenge.

45th Anniversary Celebrations

Victor Maloney (Corporate Communications Department) samples fare at the Human Resource Department's booth.

The Bank celebrated its 45th anniversary on December 12, 2009 with a series of activities throughout the year under the theme *Staff Celebrating Staff – 45 Years Strong*. The activities included a Cook Out and Pot Pourri featuring the culinary and craft talents of staff, a 5 kilometre Run and a long-service awards ceremony. A special publication entitled: *The Central Bank of Trinidad and Tobago: Contributing to our Financial and Economic Development 1964-2009* was also produced to mark the occasion.



Athletes warming up before the Central Bank Sports and Cultural Club's inaugural 5k.

The Central Bank Retirees Club

The Bank continued to provide support to the Central Bank Retirees Club which remains one of the conduits through which the Bank maintains contact with members of staff who have retired. The Club changed leadership during the year with Mr. Frank Tamer replacing Mr. William Stewart as President.

HUMAN RESOURCES

In 2009, the Bank's staff complement amounted to 486 employees representing a 6 per cent increase over the previous year. During the year, the Bank welcomed 28 new employees and bade farewell to 18 members of staff. Of the latter, 7 were retirees, including Mrs. Lynette Adams, Manager, Human Resources and Ms. Diana Boxill, Administrative Assistant who each served the Bank for over 30 years.

Increased attention was also placed on a number of issues raised by staff in the Employee Satisfaction Survey which was completed in June 2008.
To address these concerns, improvements were made to the promotions and performance management processes and greater flexibility was introduced in working arrangements. In December 2008, the Bank launched a Maternal Facility for mothers returning to work from maternity leave.

The Bank continued to place emphasis on staff training. Almost 90 per cent of staff members participated in approximately 155 overseas, local and in-house training programmes, conferences and or workshops. In July 2009, a *Mentorship Programme* was implemented to assist with the transition of new employees into the Bank. Fifty supervisors also benefited from a number of workshops introduced under the *First Level Leadership Programme*.

In keeping with the Occupational and Safety Health Act, (OSHA) the Bank initiated a series of Health, Safety and Environment training Sessions. Thirty fire wardens were trained in Basic Fire Fighting techniques and Cardiopulmonary Resuscitation procedures.

Employee and Industrial Relations

The Bank concluded negotiations with the Estate Police Association (EPA) for the terms and conditions of Security Officers for the period 2009-2011 and

signed a new Collective Agreement in September 2009. It also continued its strategy of non-crisis meetings with the representatives of the two trade unions to which the staff belong, namely the EPA and the Banking, Insurance and General Workers Union (BIGWU). These meetings helped to resolve several staff-related concerns.

RISK MANAGEMENT

Important advances in the area of risk management were made during the financial year, including the rollout of the Operational Risk Framework. The Bank's Business Continuity infrastructure was also strengthened with the introduction of additional infrastructure for communications and data integrity. A draft Business Continuity Framework for the financial sector was also completed and discussions on this framework were held with the Bankers' Association of Trinidad and Tobago and the Office of Disaster Preparedness and Management (ODPM). The framework seeks to ensure that organizational structures are in place to enable effective co-ordination of business continuity responses in the financial sector, should a disaster occur. The draft Framework has been submitted to the Bankers' Association of Trinidad and Tobago, the ODPM and Ministry of Finance for final agreement. Implementation of the framework is being planned for the next financial year.

Financial Statements

Report of the Auditor General

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CENTRAL BANK OF TRINIDAD AND TOBAGO AND ITS SUBSIDIARY FOR THE YEAR ENDED 2009 SEPTEMBER 30

The accompanying Consolidated Financial Statements of the Central Bank of Trinidad and Tobago and its subsidiary for the year ended 2009 September 30 have been audited. The Statements comprise the Consolidated Statement of Financial Position as at 2009 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 2009 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.

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 2009 September 30 and the related financial performance and cash flows for the year ended 2009 September 30 in accordance with International Financial Reporting Standards except as stated at Note 2a to the Consolidated Financial Statements.

2009 DECEMBER 28

REPUBLIC OF TRINIDAD AND TOBAGO
2009 12 28
AUDITOR GENERAL

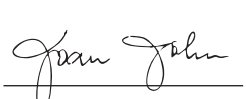
SHARMAN OTTLEY
AUDITOR GENERAL

Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2009 *(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sept 2009 $'000	Restated Sept 2008 $'000
ASSETS			
Foreign currency assets			
Foreign currency cash and cash equivalents	4	28,083,658	30,867,425
Foreign currency investments	5	34,526,330	26,921,250
Foreign receivables	8	160,734	264,021
Subscriptions to international financial institutions		122,682	121,461
International Monetary Fund - Holdings of Special Drawing Rights		2,678,803	9,171
		65,572,207	**58,183,328**
Local currency assets			
Local currency cash and cash equivalents	4	693,425	2,214,772
Local investments	5, 6	2,045,591	203,384
Pension assets	7	238,250	214,135
Accounts receivable and prepaid expenses	8	2,112,183	25,897
Other assets	9	308,123	185,323
Property, plant and equipment	10	251,973	252,879
		5,649,545	**3,096,390**
TOTAL ASSETS		**71,221,752**	**61,279,718**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	11	53,504	161,986
International Monetary Fund - Allocation of Special Drawing Rights		3,122,392	443,276
		3,175,896	**605,262**
Local currency liabilities			
Demand liabilities - local	11	29,653,845	31,531,489
Accounts payable	12	34,115,739	26,312,547
Provision for transfer of surplus to government		920,171	985,569
Provisions	13	2,011,785	645,403
		66,701,540	**59,475,008**
CAPITAL AND RESERVES			
Capital	23	800,000	761,874
General Reserve		534,871	428,394
Retained Earnings		9,445	9,180
		1,344,316	**1,199,448**
TOTAL LIABILITIES, CAPITAL AND RESERVES		**71,221,752**	**61,279,718**

GOVERNOR



DEPUTY GOVERNOR

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2009 *(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sept 2009 $'000	Restated Sept 2008 $'000
Income from foreign currency assets			
Interest income		1,051,525	1,662,215
Interest expense		(26,195)	(23,170)
		1,025,330	1,639,045
Gain/(Loss) from currency translations		(1,283)	(285,049)
Gain from fair value changes		406,701	613,219
Loss from fair value changes		(56,091)	(3,961)
		350,610	609,258
	14	**1,374,657**	**1,963,254**
Income from local currency assets			
Interest income	15	73,950	39,407
Rental income		1,364	1,800
Other income	15	222,467	146,332
		297,781	**187,539**
Decrease in provisions		141,010	-
Total income		**1,813,448**	**2,150,792**
Operating expenses			
Printing and minting		55,828	69,875
Salaries and related expenses		116,468	112,009
Interest paid		349,557	400,866
Directors' fees		940	521
Depreciation		35,083	30,876
Other operating expenses	16	97,800	59,681
Increase in provisions		-	68,600
Total operating expenses		**655,676**	**742,428**
Net surplus for the year before taxation		**1,157,771**	**1,408,365**
Busines Levy expense	17	7	7
Net surplus after taxation		**1,157,764**	**1,408,358**
Total comprehensive income for the period		**1,157,764**	**1,408,358**

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2009 *(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 2007	500,000	285,042	106,043	891,085
Net surplus after taxation	-	-	1,408,358	1,408,358
Transfer of surplus to consolidated fund	-	-	(1,149,995)	(1,149,995)
Increase in capital	50,000	-	-	50,000
Transfer to general reserve	-	143,352	(143,352)	-
Transfer to paid-up capital	211,874	-	(211,874)	-
Balance as at 30 September 2008	761,874	428,394	9,180	1,199,448
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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2009 *(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sept 2009 $'000	Restated Sept 2008 $'000
Cash flows from operating activities			
Net surplus for the year		1,157,771	1,408,365
Adjustments for			
Depreciation		35,083	30,876
Net gain on disposal of fixed assets		(279)	(154)
Interest income		(1,099,279)	(1,678,452)
Interest expense		349,557	400,866
Dividend income		(3,552)	(9,912)
Provisions		(141,010)	68,600
Building fund		(175,656)	(8,417)
Gold reserves		57,034	47,488
Foreign currency differences in monetary assets & liabilities		(201,625)	37,328
Cash flows before changes in operating assets and liabilities		**(21,956)**	**296,587**
Changes in operating assets and liabilities			
(Increase)/decrease in accounts receivable & prepaid expenses		(1,969,524)	982,170
(Increase)/decrease in other assets		(36,379)	14,798
(Increase) in pension assets		(24,115)	(90,172)
Increase in accounts payable and other liabilities		5,804,352	17,080,332
Net cash flow from operations		**3,752,378**	**18,283,715**
Cash flows from investing activities			
Purchase of property plant and equipment		(34,434)	(18,412)
Proceeds from sale of property plant and equipment		536	390
Net purchase of investments/proceeds from sale of investments		(5,942,795)	(6,363,973)
Net repayment of loans and advances		(1,839,902)	6,672
Interest received		1,151,554	1,769,976
Dividends received		3,552	6,612
Interest paid		(336,550)	(374,842)
Decrease in International Monetary Fund Holding of Special Drawing Rights		9,484	1,142
Payment to Consolidated Fund		(1,078,295)	(1,655,317)
Net cash flow from investing activities		**(8,066,850)**	**(6,627,752)**
Cash flows from financing activities			
Purchase of shares in international financial institutions		(1,221)	117
Increase in Capital		-	50,000
Lease payment		10,579	10,371
Net cash from financing activities		**9,358**	**60,488**
Net (decrease)/increase in cash and cash equivalents		(4,305,114)	11,716,450
Cash and cash equivalents, beginning of year		33,082,197	21,365,745
Cash and cash equivalents, end of year	4	**28,777,083**	**33,082,197**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2009 *(Expressed in Trinidad & Tobago Dollars)*

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.

CB Services Limited, is a subsidiary of the Central Bank of Trinidad and Tobago, and was registered on 13 September, 1991. Its registered office is located at the Eric Williams Plaza, Independence Square, Port-of-Spain. The Company was created to acquire and take over all or any of the shares in any bank, financial institutions or any other company or business and realise these shares through sale or by any other means.

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 and the Statutory framework in which it operates.

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. In the circumstances, the Bank has decided to account for all unrealised gains and losses

Notes to Consolidated Financial Statements

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. Management considers that these Financial Statements fairly represent the Bank's financial position, financial performance and cash flows.

The Board undertook early adoption of IAS 1 (Revised), Presentation of Financial Statements (effective from 1 January 2009). The revised standard prohibited the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

b. Consolidation

Extracts of the Parent's Financial Statements are included at Note 28. Section 36(g) of the Central Bank Act empowers the Bank, with the approval of the Minister of Finance, to acquire, hold and sell shares or other securities of any statutory body or company registered under the Companies Act for the purpose of promoting the development of a money or securities market or for financing the economic development of Trinidad and Tobago. The Bank has interests in a number of institutions – the Trinidad and Tobago Unit Trust Corporation, the Deposit Insurance Corporation, Caribbean Credit Rating and Information Agency, Home Mortgage Bank, Trinidad and Tobago Inter-bank Payments System Limited, CB Services Limited and the Office of the Financial Services Ombudsman.

In all but the Deposit Insurance Corporation and CB Services Limited, the Bank has a

Notes to Consolidated Financial Statements

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

c. Foreign currency translation

i. Functional and presentation currency

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

ii. Transactions and balances

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

Translation gains or losses, at year-end exchange rates of these monetary and non monetary assets and liabilities, are 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 Earnings.

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.

d. 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.

Notes to Consolidated Financial Statements

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.

e. Cash and cash equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise balances with less than 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.

f. Reverse repurchases

Reverse repurchases (Repos) are generally overnight transactions placed at the end of the day.

g. Investments

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 established. These equity investments are therefore measured at cost. The equity investment in HMB is shown at fair market value. Unrealised gain or loss on this investment is recognised in Provisions – Revaluation Reserve at Market Value.

h. 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.

i. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

Notes to Consolidated Financial Statements

j. 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 2005 and the IAS 19 Methodology were used, based on information received from the actuarial report dated 23 September, 2008, 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.

k. Notes and coins

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

l. Leases

i. Operating leases (as lessee)

The leases entered into by the Bank are primarily operating leases. The total payments made under operating leases are charged to the Statement of Comprehensive Income on a Straight Line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is 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 Statement of Financial Position 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.

Notes to Consolidated Financial Statements

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.

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. Comparative information

When necessary, comparative data has been adjusted to conform with changes in presentation in the current year.

p. Provisions

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

q. 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 2009 the Paid Up Capital was $800 million.

As at 30 September 2009 the Paid Up and Authorised Capital of CB Services Limited was $2 and $50,000 respectively.

Notes to Consolidated Financial Statements

r. 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 2009, the General Reserve Fund increased by $107 million to $535 million.

s. Revenue Recognition

i. Interest income and interest expense

Interest income and expense are recognised in the Statement of Earnings 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

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 grouping reserves into several tranches according to liquidity requirements, and defining specific asset classes and duration limits are established for each tranche, consistent with its defined liquidity objectives.

Fair value – "mark-to-market" 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 on 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.

Local 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.

4. Cash and cash equivalents

	Sept 2009 $'000	Sept 2008 $'000
Currency on hand	9,524	6,512
Balances with banks	772,347	2,311,743
Repurchase agreements	2,777,337	6,823,707
Fixed Deposits	25,217,875	23,940,235
	28,777,083	**33,082,197**
Represented by:		
Foreign currency - cash and cash equivalents		
Currency on hand	890	835
Balances with banks	87,556	102,648
Repurchase agreements	2,777,337	6,823,707
Fixed Deposits	25,217,875	23,940,235
	28,083,658	**30,867,425**
Local currency - cash and cash equivalents		
Cash on hand	8,634	5,677
Balances with banks	684,791	2,209,095
	693,425	**2,214,772**
	28,777,083	**33,082,197**

Notes to Consolidated Financial Statements

5. Investments

	Sept 2009 $'000	Sept 2008 $'000
Foreign currency investments		
Held to maturity	298,093	7,972
Available for sale	34,074,320	26,756,954
Fair value through profit or loss	441	-
Loans and advances	153,476	156,324
	34,526,330	26,921,250
Local currency investments		
Investments in related enterprises (Note 6)	56,382	56,382
Available for sale -		
Local securities	23,940	24,558
Loans and advances	1,965,269	122,444
	2,045,591	203,384
Total investments	**36,571,921**	**27,124,634**
Held to maturity		
Cost	**298,093**	7,972
Available for sale investments		
Foreign currency		
Cost	33,504,323	26,631,044
(Discount)/premium	(96,203)	(22,571)
Appreciation in Market Value	229,771	18,923
Appreciation in Foreign Currency	436,429	129,558
	34,074,320	26,756,954
Local currency		
Cost	24,113	25,879
(Discount)	(173)	(1,321)
	23,940	**24,558**
Total available for sale investments	**34,098,260**	**26,781,512**

	Sept 2009 $'000	Sept 2008 $'000
Fair value through profit or loss		
Cost	441	-
Loans and advances		
Foreign currency		
Cost	347,818	352,868
Provision for doubtful debts	(194,342)	(196,544)
	153,476	**156,324**
Local currency		
Loans and Advances	2,159,672	316,922
Provision for doubtful debts	194,403)	(194,478)
	1,965,269	**122,444**
Total loans and advances	**2,118,745**	**278,768**
Investments in related enterprises		
Cost	25,422	25,422
Market value	30,960	30,960
	56,382	**56,382**
Total Investments	**36,571,921**	**27,124,634**

6. Investment in related enterprises

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

	Sept 2009 $'000	Sept 2008 $'000
Income:		
Dividend Income	3,552	6,612
Rental Income	1,331	1,331
Other Income	161	161
	5,044	**8,104**
Expenditure		
Salaries and related expenditure	875	1,341
Other expenses	3,000	7,684
	3,875	**9,025**
Ending period balances		
Investments in related enterprises	56,382	56,382
Receivables from related enterprises	4,719	2,707
Payables to related enterprises	3,888	958

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

	Sept 2009 $'000	Sept 2008 $'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.

Notes to Consolidated Financial Statements

7. Pension assets

	Note	Sept 2009 $'000	Sept 2008 $'000
Defined benefit obligation		302,885	247,776
Fair value of assets		(552,543)	(568,386)
		(249,658)	(320,610)
Unrecognised gain		11,408	87,434
Unutilised assets		-	19,041
IAS 19 net defined liability/(asset)		**(238,250)**	**(214,135)**
Reconciliation of opening and closing defined benefit assets			
Opening defined benefit asset		(214,135)	(123,963)
Increase in pension assets			
Pension cost		(20,919)	(87,265)
Bank contribution paid		(3,196)	(2,907)
	15	(24,115)	(90,172)
Closing defined benefit asset		**(238,250)**	**(214,135)**
Amounts recognised in the comprehensive income statement			
Current service cost		8,955	7,632
Interest on defined benefit obligation		21,242	18,896
Expected return on plan assets		(49,838)	(39,444)
Amortised net gain		17,763	-
Past service cost		-	13,290
Movement in un-utlised assets		(19,041)	(87,639)
Net pension cost		**(20,919)**	**(87,265)**

	Note	Sept 2009 $'000	Sept 2008 $'000
Return on plan assets			
Expected return on plan assets		49,838	39,444
Actuarial (loss)/gain on plan assets		(61,506)	61,900
Actual return on plan assets		**(11,668)**	**101,344**
Actuarial assumptions			
Discount rate		7.75%	8.75%
Expected return on plan assets		7.70%	8.80%
Projected future rate of salary increase		7.50%	7.50%
Value of pension scheme assets		Based on Market Value at Balance Sheet Date	

Notes to Consolidated Financial Statements

8. Receivables and prepaid expenses

	Sept 2009 $'000	Sept 2008 $'000
Foreign receivables		
Interest receivable	154,145	253,980
Other foreign receivable	6,589	10,041
	160,734	**264,021**
Accounts receivable and prepaid expenses		
Interest receivable on domestic investments	57,769	3,305
Other receivables	1,842,482	17,354
Prepayments	4,115	4,810
Suspense accounts	207,801	10
Value Added Tax	16	418
	2,112,183	**25,897**

9. Other Assets

	Sept 2009 $'000	Sept 2008 $'000
Lease Asset	186,600	100,179
Stocks of notes and coins	120,006	84,050
Consumables	1517	1,094
	308,123	**185,323**

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.

Stocks of notes and coins	Sept 2009 $'000	Sept 2008 $'000
Notes	76,803	62,513
Coins	43,203	21,537
	120,006	**84,050**

Notes to Consolidated Financial Statements

10. 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 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 year	(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
As at 30 September 2008							
Net book value							
Balance b/fwd 01 Oct 2007	190,143	106	26,701	12,437	22,936	13,257	265,580
Transfers	994	-	8,876	5,604	2,145	(17,619)	-
Additions	494	-	2,612	2,869	497	11,939	18,411
Disposals	-	-	(49)	(110)	(77)	-	(236)
Depreciation for the year	(13,070)	(7)	(9,580)	(6,181)	(2,038)	-	(30,876)
Balance c/fwd	178,561	99	28,560	14,619	23,463	7,577	252,879
Represented by:							
Cost	391,173	298	79,607	50,329	35,636	7,577	564,620
Accumulated depreciation	(212,612)	(199)	(51,047)	(35,710)	(12,173)	-	(311,741)
	178,561	99	28,560	14,619	23,463	7,577	252,879

Notes to Consolidated Financial Statements

11. Demand liabilities

	Sept 2009 $'000	Sept 2008 $'000
Demand liabilities - foreign		
Foreign deposits	11,130	10,154
Government special accounts	37,677	137,630
Bilateral Accounts	4,697	14,202
	53,504	**161,986**
Demand liabilities - local		
Notes in circulation	4,161,494	3,837,031
Coins in circulation	158,705	149,935
Deposits by commercial banks	12,949,007	8,302,628
Deposits by non-banking financial institutions	404,261	424,239
Statutory deposits - insurance companies	48,120	11,835
Deposits by government and government agencies	7,216,447	15,265,642
Deposits in other current accounts	4,300,139	2,522,788
Deposits by regional and international institutions	415,672	1,017,391
	29,653,845	**31,531,489**

Deposits by financial institutions

The statutory reserve requirements of commercial banks was changed in November 2008 to 17 per cent, and that for non-bank financial institutions remained unchanged at 9 per cent throughout the period. The Bank also continued the special measures implemented in 2006 to manage the excess liquidity in the system. Accordingly, interest bearing deposits held by commercial banks were rolled over for one (1) year and the temporary secondary reserve requirement of two (2) per cent of commercial banks' prescribed liabilities, introduced in October 2006, was maintained throughout the year.

12. Accounts payable

	Sept 2009 $'000	Sept 2008 $'000
Trade payables and accrued charges	8,579,480	637,424
Interest payable	68,701	55,694
Unclaimed monies	4,751	4,061
Government special accounts	25,593	23,450
Blocked accounts	23,637,895	22,976,603
Other payables	1,799,319	2,615,315
	34,115,739	**26,312,547**

13. 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 Statement of Financial Position comprise:

	Sept 2009 $'000	Sept 2008 $'000
Building fund	-	175,656
Gold reserve	195,098	138,064
Financial institutions intervention	-	2,000
Foreign currency exchange rate reserves	1,175,171	23,659
Pension reserve	238,250	214,135
Revaluation reserve on investments	403,266	91,889
	2,011,785	**645,403**

Notes to Consolidated Financial Statements

14. Income from foreign currency assets

	Sept 2009 $'000	Sept 2008 $'000
Income from Foreign Currency Assets		
Interest on United States Dollar Balances & Securities	981,607	1,495,249
Interest on Sterling Balances & Securities	26,764	77,391
Interest on other foreign balances & securities	43,154	89,575
Currency Gains/(Losses) realised	(1,283)	(285,049)
Gains from fair value changes	406,701	613,219
	1,456,943	**1,990,385**
Expenses from Foreign Currency Assets		
Interest on United States Dollar Balances & Securities	(26,195)	(23,170)
Losses from fair value changes	(56,091)	(3,961)
	(82,286)	**(27,131)**
Net income from foreign currency assets	**1,374,657**	**1,963,254**

15. Interest and other Income from local currency assets

	Sept 2009 $'000	Sept 2008 $'000
Interest Income		
Investments	7,724	36,031
Loans	59,560	2,243
Other	6,666	1,133
	73,950	**39,407**
Other Income		
Increase in pension assets (Note 7)	24,115	90,172
General earnings	176,866	19,886
Income from International Monetary Fund	4,842	17,641
Dividends	252	6,612
Other	7,639	6,629
Fees charged to financial institutions	8,457	5,045
Profit on sale of assets	296	347
	222,467	**146,332**

16. Other operating expenses include:

	Sept 2009 $'000	Sept 2008 $'000
Advertising and public relations	5,928	10,879
Computer expenses	8,213	8,535
Electricity	4,143	3,788
Insurance	2,206	2,261
Legal fees & settlements	7,152	773
Loss on disposal of assets	17	193
Maintenance cost	18,438	15,691
Printing & stationery	3,669	3,855
Professional fees	4,821	3,269

Notes to Consolidated Financial Statements

17. Taxation

	Sept 2009 $'000	Sept 2008 $'000
Business Levy expense	7	7
Tax paid/payable by the Bank was calculated as follows:		
Net surplus for the year before taxation	1,157,771	1,408,365
Corporation tax @ 25%	-	-
Income not subject to tax	1,157,771	1,408,365
Business Levy expense	7	7
Tax Charge	7	7

18. Capital commitments

There was $5,655,543 in outstanding commitments for capital expenditure at 30 September 2009 (2008 – $8,000,000).

19. Leasehold obligations – operating leases

a. Operating leases where the Bank is the lessor

The Bank had entered into three year lease arrangements in 2006 with two 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.

20. Comparative figures

The restated Statement of Financial Position and Statement of Comprehensive Income for the year ended 30 September 2008 resulted from the re-classification of some items in order to achieve a clearer or more transparent presentation. In addition, some account balances changed as a result of several prior period adjustments Note 21).

Restatement of Consolidated Statement of Financial Position Items as at 30 September 2008	Movement 2008 $'000
ASSETS	
Foreign currency assets	
Foreign receivables	**(9,311)**
Local currency assets	
Accounts receivable and prepaid expenses	**(4,526)**
Net restatement of assets	**(13,837)**
LIABILITIES	
Local currency liabilities	
Accounts payable	(6,193)
Provision for transfer of surplus to government	(92,726)
Provisions	85,082
Net restatement of liabilities	**(13,837)**

Notes to Consolidated Financial Statements

20. Comparative figures (cont'd)

Restatement of Statement of Comprehensive Income Items for the Year ended 30 September 2008	Movement 2008 $'000
Income from foreign currency assets	
Interest income	(145,174)
(Loss)/gain from currency translations	(33,688)
Gain from fair value changes	178,677
Net restatement of income from foreign currency assets	**(185)**
Income from local currency assets	
Other income	185
Net restatement of income from local currency assets	**185**

21. Prior period adjustments

The Financial Statements include prior period adjustments totalling ($92.7) million which resulted in the restatement of several balances in the Financial Statement for the year ended 30 September 2008. As a result, the Consolidated Fund was decreased by $91 million and the General Reserve was decreased by $9.1 million (10%).

These adjustments represent:

- An amount of $3.1 million, for interest income for the year ended 30 September 2007.
- An amount of ($85.1) million, for realised losses on investments sold in the year ended 30 September 2006.
- An amount of ($9.3) million, for interest receivable for the years 2005 - $4.66 million; 2006 - $4.66 million.
- An amount of ($1.4) million, for recoverable VAT expense for the period 1998 to 2008.

22. National Financial Literacy Programme

In January 2007, the Bank launched the National Financial Literacy Programme. The programme is being funded by a wide range of stakeholders, both in the financial and non-financial sectors. The main objectives of the programme are to:

- sensitize 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.

Notes to Consolidated Financial Statements

22. National Financial Literacy Programme (cont'd)

	Sept 2009 $'000	Sept 2008 $'000
Receipts		
Contributions Received	7,048	12,880
Total Receipts	**7,048**	**12,880**
Payments		
Administrative Cost	251	481
Advertising & Printing Material	5,685	9,529
Consultancy & Lecture Fees	2,458	2,050
Salaries	718	1,164
Other - MIF & Website Development	414	-
Total Expenditure	**9,526**	**13,224**
Net payments over receipts for the period	(2,478)	(344)
Balance brought forward	(3,661)	(3,317)
Balance carried forward	**(6,139)**	**(3,661)**
Represented in the Financial Statements by:		
Accounts Receivable	4,487	2,000
Bank Account	8	-
Salaries and related expenses charged to Central Bank	1,644	1,661
	6,139	**3,661**

23. Capital

	Sept 2009 $'000	Sept 2008 $'000
Authorised capital	800,000	800,000
Paid-up capital	800,000	761,874

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 2009 $'000	Sept 2008 $'000
Short-term employee benefits	26,268	26,622
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Equity compensation benefits	-	-

25. Contingent liabilities

There were several litigation matters outstanding as at 30 September 2009 amounting to $4.3 million (2008- $66 million).

Notes to Consolidated Financial Statements

26. CL Financial Group Matter

During January 2009, representatives of CL Financial Limited (CLF) met with the Bank requesting urgent liquidity support for Clico Investment Bank Limited (CIB), CLICO (Trinidad) Limited (CLICO) and British American Insurance Co (Trinidad) Limited (BAT). On 30 January 2009, in an effort to protect the interest of depositors and policyholders, the Minister of Finance and the Bank reached an agreement 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 2009 $'000
Assets	
Advances to Government re CLICO and BAT	1,709,094
Amounts recoverable from CLF re CIB Liabilities	1,770,427
	3,479,521
Liabilities	
Promissory Notes to First Citizen Bank Limited re CIB Liabilities	1,770,427

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

	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	4,697	48,807	53,504
International Monetary Fund - Allocation of Special Drawing Rights	-	3,122,392	3,122,392
	4,697	**3,171,199**	**3,175,896**
Local currency liabilities			
Demand liabilities - local	17,800,576	11,853,269	29,653,845
Accounts payable	14,086,911	20,028,828	34,115,739
Provision for transfer of surplus to government	920,171	-	920,171
Provisions	-	2,011,785	2,011,785
	32,807,658	**33,893,882**	**66,701,540**
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**
	32,812,355	**38,409,397**	**71,221,752**

Notes to Consolidated Financial Statements

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

	Restated Sept 2008		
ASSETS	**Current $'000**	**Non-Current $'000**	**Total $'000**
Foreign currency assets			
Foreign currency cash and cash equivalents	30,867,425	-	30,867,425
Foreign currency securities	5,046,708	21,874,542	26,921,250
Foreign receivables	264,021	-	264,021
Subscriptions to international financial institutions	-	121,461	121,461
International Monetary Fund - Holdings of Special Drawing Rights	-	9,171	9,171
	36,178,154	**22,005,174**	**58,183,328**
Local currency assets			
Local currency cash and cash equivalents	2,214,772	-	2,214,772
Local investments	71,118	132,266	203,384
Pension asset	-	214,135	214,135
Accounts receivable and prepaid expenses	12,849	13,048	25,897
Other assets	11,673	173,650	185,323
Property, plant and equipment	-	252,879	252,879
	2,310,412	**785,978**	**3,096,390**
TOTAL ASSETS	**38,488,566**	**22,791,152**	**61,279,718**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	14,202	147,784	161,986
International Monetary Fund - Allocation of Special Drawing Rights	-	443,276	443,276
	14,202	**591,060**	**605,262**
Local currency liabilities			
Demand liabilities - local	7,226,868	24,304,621	31,531,489
Accounts payable	18,055,782	8,256,765	26,312,547
Provision for transfer of surplus to government	985,569	-	985,569
Provisions	-	645,403	645,403
	26,268,219	**33,206,789**	**59,475,008**
CAPITAL AND RESERVES			
Capital	-	761,874	761,874
General Reserve	-	428,394	428,394
Retained Earnings	-	9,180	9,180
	-	**1,199,448**	**1,199,448**
	26,282,421	**34,997,297**	**61,279,718**

28. Parent

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

Statement of Financial Position
As at 30 September 2009

	Sept 2009 $'000	Restated Sept 2008 $'000
ASSETS		
Foreign currency assets		
Foreign currency cash and cash equivalents	28,083,658	30,867,425
Foreign currency securities	34,526,330	26,921,250
Foreign receivables	160,734	264,021
Subscriptions to international financial institutions	122,682	121,461
International Monetary Fund - Holdings of Special Drawing Rights	2,678,803	9,171
	65,572,207	**58,183,328**
Local currency assets		
Local currency cash and cash equivalents	693,425	2,214,772
Local investments	2,039,591	197,384
Pension asset	238,250	214,135
Accounts receivable and prepaid expenses	2,112,183	25,897
Other assets	308,123	185,323
Property, plant and equipment	251,973	252,879
	5,643,545	**3,090,390**
TOTAL ASSETS	**71,215,752**	**61,273,718**
LIABILITIES		
Foreign currency liabilities		
Demand liabilities - foreign	53,504	161,986
International Monetary Fund - Allocation of Special Drawing Rights	3,122,392	443,276
	3,175,896	**605,262**
Local currency liabilities		
Demand liabilities - local	29,653,845	31,531,489
Accounts payable	34,119,184	26,315,727
Provision for transfer of surplus to government	920,171	985,569
Provisions	2,011,785	645,403
	66,704,985	**59,478,188**
CAPITAL AND RESERVES		
Capital	800,000	761,874
General Reserve	534,871	428,394
	1,334,871	**1,190,268**
TOTAL LIABILITIES, CAPITAL AND RESERVES	**71,215,752**	**61,273,718**

Notes to Consolidated Financial Statements

28. Parent cont'd

Statement of Comprehensive Income
For the year ended 30 September 2009

	Sept 2009 $'000	Restated Sept 2008 $'000
Income from foreign currency assets		
Interest income	1,051,525	1,662,215
Investment expense	(26,195)	(23,170)
	1,025,330	1,639,045
(Loss)/gain from currency translations	(1,283)	(285,049)
Gain from fair value changes	406,701	613,219
Loss from fair value changes	(56,091)	(3,961)
	350,610	609,258
	1,374,657	**1,963,254**
Income from local currency assets		
Interest income	73,950	39,407
Rental income	1,364	1,800
Other income	222,167	150,389
	297,481	**191,596**
Decrease in provisions	141,010	-
Total income	**1,813,148**	**2,154,850**
Operating expenses		
Printing and minting of coins	55,828	69,875
Salaries and related expenses	116,468	112,009
Interest paid	349,557	400,866
Directors' fees	940	521
Depreciation	35,083	30,876
Other operating expenses	97,772	59,608
Increase in provisions	-	68,600
Total operating expenses	**655,648**	**742,355**
Net surplus for the year	**1,157,500**	**1,412,495**
Total comprehensive income for the year	**1,157,500**	**1,412,495**

28. Parent cont'd

Statement of Changes in Equity
For the year ended 30 September 2009

	Issued and Fully Paid Up Capital $'000	General Reserves $'000	Retained Earnings $'000	Total $'000
Balance as at 1 October 2007	500,000	285,042	92,726	877,768
Net surplus for the year	-	-	1,412,495	1,412,495
Transfer of surplus to Consolidated Fund	-	-	(1,149,995)	(1,149,995)
Increase in capital	50,000	-	-	50,000
Transfer to general reserve	-	143,352	(143,352)	-
Transfer to paid-up capital	211,874	-	(211,874)	-
Balance as at 30 September 2008	761,874	428,394	-	1,190,268
Balance as at 1 October 2008	761,874	428,394	-	1,190,268
Net surplus for the year	-	-	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

Notes to Consolidated Financial Statements

28. Parent (cont'd)

Statement of Cash flows
For the year ended 30 September 2009

	Sept 2009 $'000	Restated Sept 2008 $'000
Cash flows from operating activities		
Net surplus for the year before taxation	1,157,500	1,412,495
Adjustments for:		
Depreciation	35,083	30,876
Net gain on disposal of fixed assets	(279)	(154)
Interest income	(1,099,279)	(1,678,452)
Interest expense	349,557	400,866
Dividend income	(3,252)	(13,969)
Provisions	(141,010)	68,600
Building fund	(175,656)	(8,417)
Gold reserves	57,034	47,488
Foreign currency differences in monetary assets & liabilities	(201,625)	37,328
Cash flow before changes in operating assets and liabilities	**(21,927)**	**296,661**
Changes in operating assets and liabilities		
(Increase)/decrease in accounts receivable & prepaid expenses	(1,969,224)	968,813
(Increase)/decrease in other assets	(36,379)	14,798
(Increase) in pension asset	(24,115)	(90,172)
Increase in accounts payable and other liabilities	5,804,323	17,086,260
Net cash flow from operations	**3,752,678**	**18,276,360**
Cash flows from investing activities		
Purchase of property plant and equipment	(34,434)	(18,412)
Proceeds from sale of property plant and equipment	536	390
Net purchase of investments/proceeds from sale of investments	(5,942,795)	(6,363,973)
Net repayment of loans and advances	(1,839,902)	6,672
Interest received	1,151,554	1,769,976
Dividends received	3,252	13,969
Interest paid	(336,550)	(374,842)
Decrease in International Monetary Fund Holding of Special Drawing Rights	9,484	1,142
Payment to Consolidated Fund	(1,078,295)	(1,655,317)
Net cash flow from investing activities	**(8,067,150)**	**(6,620,395)**
Cash flows from financing activities		
Purchase of shares in international financial institutions	(1,221)	117
Increase in Share Capital	-	50,000
Lease payment	10,579	10,371
Net cash flow from financing activities	**9,358**	**60,488**
Net (decrease)/increase in cash and cash equivalents	(4,305,114)	11,716,452
Cash and cash equivalents, beginning of year	33,082,197	21,365,745
Cash and cash equivalents, end of year	**28,777,083**	**33,082,197**

Appendices

Operational Statistics

TABLE A.1
CURRENCY IN CIRCULATION
2006-2009
(Dollars Thousand)

End of Month	Notes (Old TT)	Notes (Republic)	Total Notes in Circulation	Coins	Total Currency in Circulation
2006	19,046	2,804,383	2,823,429	122,013	2,945,442
2007	19,044	3,278,686	3,297,730	137,005	3,434,735
Sep-08	19,043	3,812,334	3,831,377	149,916	3,981,293
Oct-08	19,043	3,794,526	3,813,569	151,135	3,964,704
Nov-08	19,044	3,811,210	3,830,254	152,197	3,982,451
Dec-08	19,044	4,313,950	4,332,994	153,333	4,486,327
Jan-09	19,044	3,756,553	3,775,597	153,396	3,928,993
Feb-09	19,044	4,044,911	4,063,955	153,613	4,217,568
Mar-09	19,044	4,037,809	4,056,853	154,260	4,211,113
Apr-09	19,043	4,061,248	4,080,291	154,958	4,235,249
May-09	19,044	4,027,550	4,046,594	155,601	4,202,195
Jun-09	19,043	4,079,457	4,098,500	156,396	4,254,896
Jul-09	19,044	4,038,547	4,057,591	157,081	4,214,672
Aug-09	19,043	4,070,955	4,089,998	157,719	4,247,717
Sep-09	19,044	4,133,841	4,152,885	158,685	4,311,570

Source: Central Bank of Trinidad and Tobago.

TABLE A.2
CENTRAL BANK STATEMENT OF LIABILITIES AND ASSETS, 2008-2009
(TT Dollars Thousands)

	LIABILITIES								ASSETS							
		DEPOSITS							EXTERNAL ASSETS							
End of Month	Currency in Circulation Total	Commercial Banks	Non-Bank Financial Institutions	1 Government & Governmental Organisations	International Organisations	Other Liabilities	Capital & Reserve Funds	Total Liabilities	2 Balances with Banks Abroad	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	3,514,490	6,182,590	373,431	13,287,459	442,068	18,714,194	785,042	43,299,274	21,175,631	20,670,788	25,402	96,151	9,105	353,111	969,086	43,299,274
NOVEMBER	3,626,492	5,875,232	363,287	11,398,382	442,068	21,580,049	785,042	44,070,552	20,710,807	21,874,905	25,402	96,148	5,376	306,089	1,051,825	44,070,552
DECEMBER	4,212,021	6,087,171	363,644	11,693,780	442,068	21,574,215	785,042	45,157,941	21,907,378	20,945,299	25,402	96,167	5,376	345,271	1,833,048	45,157,941
JANUARY	3,880,290	5,893,959	363,485	14,198,139	442,068	22,655,081	785,042	48,218,064	20,859,783	25,222,438	25,402	96,163	5,376	399,176	1,609,726	48,218,064
FEBRUARY	3,688,647	6,851,719	386,128	11,962,226	442,068	24,008,560	785,042	48,124,391	17,187,484	29,353,766	25,402	96,163	2,056	434,305	1,025,215	48,124,391
MARCH	3,857,476	7,795,784	407,300	13,867,490	442,068	22,098,507	785,042	49,253,667	19,064,511	28,346,115	25,402	96,188	14,391	402,487	1,304,573	49,253,667
APRIL	3,834,708	6,931,203	420,133	15,089,094	442,068	22,509,967	785,042	50,012,215	19,606,160	28,026,101	25,402	96,140	14,357	740,623	1,503,432	50,012,215
MAY	3,878,162	6,840,720	417,097	14,368,025	469,617	21,599,418	785,042	48,358,081	19,318,195	26,653,887	25,402	95,974	12,514	577,797	1,674,312	48,358,081
JUNE	3,808,884	8,993,683	422,659	18,882,620	469,617	24,130,366	785,042	57,492,871	27,585,739	28,572,546	25,402	95,970	12,514	218,416	982,284	57,492,871
JULY	3,937,436	7,789,407	415,386	17,596,444	469,617	25,539,452	785,042	56,532,784	27,678,347	27,191,007	25,402	96,016	12,514	298,730	1,230,768	56,532,784
AUGUST	3,908,650	8,497,843	422,471	15,882,408	469,617	25,793,096	785,042	55,759,127	26,881,436	27,461,107	25,402	96,027	9,716	236,852	1,048,587	55,759,127
SEPTEMBER	3,986,966	8,302,629	424,239	18,805,821	443,276	28,120,159	1,190,268	61,273,718	30,867,425	26,921,250	25,402	96,059	9,171	197,384	3,157,027	61,273,718
2008/09																
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

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 2009

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves ($000)	Average Cash Reserves ($000)
1-Oct-08	35,554,207	5,333,131	6,090,324
8-Oct-08	35,672,973	5,350,946	5,880,454
15-Oct-08	35,927,020	5,389,053	6,035,187
22-Oct-08	36,145,627	5,421,844	5,640,337
29-Oct-08	36,371,713	5,455,757	6,397,172
5-Nov-08	36,173,418	6,149,481	7,122,643
12-Nov-08	36,019,888	6,123,381	7,319,393
19-Nov-08	36,081,082	6,133,784	7,241,379
26-Nov-08	36,104,165	6,137,708	7,545,909
3-Dec-08	36,432,206	6,193,475	7,621,924
10-Dec-08	36,694,653	6,238,091	7,783,700
17-Dec-08	37,055,459	6,299,428	7,598,739
24-Dec-08	37,397,829	6,357,631	8,446,800
31-Dec-08	37,745,559	6,416,745	8,352,725
7-Jan-09	38,113,465	6,479,289	7,332,823
14-Jan-09	38,284,329	6,508,336	8,255,524
21-Jan-09	38,318,347	6,514,119	8,253,003
28-Jan-09	38,315,906	6,513,704	8,191,556
4-Feb-09	38,275,088	6,506,765	8,117,863
11-Feb-09	38,193,129	6,492,832	7,986,590
18-Feb-09	38,316,465	6,513,799	8,450,687
25-Feb-09	38,372,476	6,523,321	8,619,039
4-Mar-09	38,402,900	6,528,493	9,579,358
11-Mar-09	38,838,782	6,602,593	9,802,674
18-Mar-09	39,320,506	6,684,486	9,439,486
25-Mar-09	39,824,065	6,770,091	9,186,817
1-Apr-09	40,245,629	6,841,757	9,149,770
8-Apr-09	40,502,824	6,885,480	8,572,906
15-Apr-09	40,686,635	6,916,728	8,657,015
22-Apr-09	40,787,941	6,933,950	9,336,581
29-Apr-09	40,950,071	6,961,512	7,741,699
6-May-09	41,104,471	6,987,760	8,340,111
13-May-09	41,150,376	6,995,564	8,359,073
20-May-09	41,256,153	7,013,546	8,031,505
27-May-09	41,262,847	7,014,684	7,858,883
3-Jun-09	41,111,188	6,988,902	8,255,974
10-Jun-09	41,156,824	6,996,660	8,808,426
17-Jun-09	41,223,041	7,007,917	8,812,674
24-Jun-09	41,408,212	7,039,396	8,718,662
1-Jul-09	41,597,471	7,071,570	8,380,266
8-Jul-09	41,756,659	7,098,632	8,188,452
15-Jul-09	41,670,376	7,083,964	8,372,825
22-Jul-09	41,493,747	7,053,937	8,428,287
29-Jul-09	41,290,353	7,019,360	8,125,341
5-Aug-09	41,230,488	7,009,183	9,005,635
12-Aug-09	41,416,176	7,040,750	9,243,084
19-Aug-09	41,603,212	7,072,546	8,942,298
26-Aug-09	41,934,482	7,128,862	8,811,242
2-Sep-09	42,024,882	7,144,230	9,139,009
9-Sep-09	42,147,700	7,165,109	9,338,503
16-Sep-09	42,233,371	7,179,673	9,818,644
23-Sep-09	42,272,047	7,186,248	10,148,597
30-Sep-09	42,521,047	7,228,578	10,598,586

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 2009

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves ($000)	Average Cash Reserves ($000)
1-Oct-08	4,652,656	418,739	424,239
8-Oct-08	4,613,733	415,236	416,261
15-Oct-08	4,575,656	411,809	412,815
22-Oct-08	4,565,922	410,933	411,938
29-Oct-08	4,556,111	410,050	410,824
5-Nov-08	4,556,167	410,055	410,667
12-Nov-08	4,538,578	408,472	409,239
19-Nov-08	4,509,267	405,834	406,673
26-Nov-08	4,504,811	405,433	406,221
3-Dec-08	4,476,789	402,911	427,960
10-Dec-08	4,486,344	403,771	404,218
17-Dec-08	4,517,322	406,559	406,925
24-Dec-08	4,547,111	409,240	430,015
31-Dec-08	4,570,878	411,379	411,769
7-Jan-09	4,584,289	412,586	412,988
14-Jan-09	4,586,611	412,795	413,203
21-Jan-09	4,571,689	411,452	411,933
28-Jan-09	4,460,333	401,430	412,735
4-Feb-09	4,568,422	411,158	411,402
11-Feb-09	4,549,878	409,489	409,675
18-Feb-09	2,427,144	218,443	409,375
25-Feb-09	2,406,389	216,575	216,689
4-Mar-09	2,381,889	214,370	214,404
11-Mar-09	2,360,144	212,413	216,936
18-Mar-09	2,335,133	210,162	210,196
25-Mar-09	2,314,656	208,319	208,621
1-Apr-09	2,301,578	207,142	207,512
8-Apr-09	2,290,644	206,158	206,754
15-Apr-09	2,355,222	211,970	212,486
22-Apr-09	2,439,378	219,544	219,924
29-Apr-09	2,506,044	225,544	225,786
6-May-09	2,587,111	232,840	232,909
13-May-09	2,502,933	225,264	225,616
20-May-09	2,423,811	218,143	218,407
27-May-09	2,356,833	212,115	212,308
3-Jun-09	2,287,311	205,858	206,040
10-Jun-09	2,322,800	209,052	209,991
17-Jun-09	2,355,411	211,987	212,917
24-Jun-09	2,381,678	214,351	215,057
1-Jul-09	2,389,478	215,053	215,534
8-Jul-09	2,383,544	214,519	214,775
15-Jul-09	2,366,367	212,973	213,003
22-Jul-09	2,379,289	214,136	214,166
29-Jul-09	2,392,544	215,329	215,358
5-Aug-09	2,407,122	216,641	216,682
12-Aug-09	2,419,900	217,791	217,844
19-Aug-09	2,422,789	218,051	218,097
26-Aug-09	2,427,922	218,513	218,550
2-Sep-09	2,428,700	218,583	218,747
9-Sep-09	2,422,778	218,050	218,105
16-Sep-09	2,396,522	215,687	224,477
23-Sep-09	2,380,600	214,254	214,335
30-Sep-09	2,370,400	213,336	404,261

Source: Central Bank of Trinidad and Tobago.

BOX 1:
INSTITUTIONAL DEVELOPMENTS RELATED TO THE INTERNATIONAL FINANCIAL CRISIS

The international financial crisis has brought renewed focus on the global economic and financial infrastructure and important progress on an international reform agenda. Some of the principal changes include restructuring of the main body that sets the international financial agenda to provide for broader representation of the fast-growing emerging market economies. Consequently, the G7 has given way to the G20 on which are represented China, India, Brazil, Argentina and South Africa. Moreover, reform of the International Monetary Fund has gathered new momentum.

At its summit in London in April 2009, G20 members agreed to convert the Financial Stability Forum to a Financial Stability Board (FSB), featuring an expanded membership and mandate. The FSB will be responsible for establishing a framework for strengthening compliance with the international regulatory and prudential standards by the end of 2009. Three standing committees of the FSB will focus on assessment of vulnerabilities, supervisory and regulatory cooperation and standards implementation. The members of the FSB themselves have agreed to pursue financial stability and openness and transparency of their financial sectors, implement international financial standards and undergo periodic peer reviews.

Later, at its summit in September 2009, the G20 announced that it was elaborating a Framework for Strong, Sustainable, and Balanced Growth. One of the main features of the framework is the intention by the G20 to cooperate in implementing coherent and consistent economic policies aimed at sustainable global growth.

Reform of the International Monetary Fund (IMF) has included so far an increase in resources available for lending to emerging market and developing countries; greater access to IMF resources by countries needing support; a modest relaxation of IMF conditionality and a new allocation of Special Drawing Rights (SDRs). This comes on the heels of a comprehensive restructuring exercise initiated following the annual IMF/World Bank meetings in Singapore in 2006. This exercise included changes to members' representation in the organization, a new income model to set the Fund on a sustainable financial path as well as a new business model. At the London Summit of the G-20 Leaders in April 2009, it was agreed to increase the Fund's lending capacity to US$750 billion in order to support countries affected by the crises. Some $250 billion was to be sourced through bilateral borrowing arrangements and purchase of bonds issued by the Fund.

BOX 1: (CONT'D)
INSTITUTIONAL DEVELOPMENTS RELATED TO THE INTERNATIONAL FINANCIAL CRISIS CONTINUED

In response to the global financial crisis and constrained liquidity conditions in international markets, the IMF issued new allocations of SDRs amounting to the equivalent of around US$283 billion in late August/early September 2009. These allocations were implemented to supplement IMF member countries' foreign exchange reserves, with low-income and liquidity-constrained countries expected to benefit substantially. Trinidad and Tobago's new allocation amounted to the equivalent of about US$441 million.

Recent IMF SDR Allocations to Caribbean Countries [1/]
(Millions of United States dollars) [2/]

Country	SDR Allocation
Antigua and Barbuda	20.0
Bahamas, The	183.0
Barbados	90.3
Belize	28.7
Dominica	11.6
Dominican Republic	284.1
Grenada	16.4
Guyana	116.3
Haiti	103.9
Jamaica	354.2
St. Kitts and Nevis	13.6
St. Lucia	22.2
St. Vincent & the Grenadines	12.1
Trinidad & Tobago	440.6

Source: International Monetary Fund.
[1/] The sum of allocations effective August 28 and September 9, 2009.
[2/] Calculated using SDR1=US$1.6026 (exchange rate of November 9, 2009).

CENTRAL BANK OF
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