CENTRAL BANK OF
TRINIDAD & TOBAGO

LOOKING AHEAD

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.

THE MANDATE

CENTRAL BANK ACT CHAPTER 79:02

3. (1) There is hereby established a Bank to be known as the Central Bank of Trinidad and Tobago.

(2) The Bank is hereby created a body corporate.

(3) The Bank shall have as its purpose the promotion of such monetary, credit and exchange conditions as are most favourable to the development of the economy of Trinidad and Tobago, and shall, without prejudice to the other provisions of this Act—

(a) have the exclusive right to issue and redeem currency notes and coin in Trinidad and Tobago;

(b) act as banker for, and render economic, financial and monetary advice to the Government;

(c) maintain, influence and regulate the volume and conditions of supply of credit and currency in the best interest of the economic life of Trinidad and Tobago;

(d) maintain monetary stability, control and protect the external value of the monetary unit, administer external monetary reserves, encourage expansion in the general level of production, trade and employment;

(e) undertake continuously economic, financial and monetary research;

(f) review-

(i) legislation affecting the financial system; and

(ii) developments in the field of banking and financial services, which appear to it to be relevant to the exercise of its powers and the discharge of its duties; and generally, have the powers and undertake the duties and responsibilities assigned to it by any other law.

LETTER OF TRANSMITTAL

Jwala Rambarran
Governor

December 31, 2014

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

Dear Minister Howai,
In accordance with Section 53(1) of the Central Bank Act Chap.79:02, I enclose herewith the Report of the Central Bank of Trinidad and Tobago for the year ended September 30, 2014, together with a copy of the Annual Audited Statement of Accounts certified by the Auditors.

Yours sincerely,

JWALA RAMBARRAN

TABLE OF CONTENTS

GOVERNOR'S FOREWORD

Jwala Rambarran
Governor
Chairman of the Board

With Trinidad and Tobago's new-found political independence in 1962, a central bank became necessary not just to demarcate the country's break with the past colonial monetary regime but, more importantly, to give order and direction to economic development, fostering monetary stability and confidence in the overall financial system.

On December 12th 1964, Sir Solomon Hochoy, the Governor General, proclaimed sections of the Central Bank Act, Chapter 79:02. The Central Bank of Trinidad and Tobago was born. The purpose of the Central Bank was enshrined in its founding legislation as:

"the promotion of such monetary, credit and exchange conditions as are most favorable to the economic development of Trinidad and Tobago".

This broad developmental role would help shape the judicious character of Central Bank in the five decades of its existence, defining its interdependent relationship to Government, both as banker and economic advisor, yet giving it enough independence to exercise its full powers to implement monetary policy and supervise the financial system.

As the Central Bank marked its 50th Anniversary in 2014, it is worth reflecting on the seminal year of 2009 when Trinidad and Tobago's economy endured three almost simultaneous shocks: eruption of the global financial crisis, an abrupt end to the country's third energy boom, and unexpected failure of CLICO, the largest insurance company. Yet, Trinidad and Tobago demonstrated economic resilience in the face of these triple shocks mainly due to the policy response and coordination between Central Bank and Government. In 2015, such policy collaboration will be again required in the face of sharply falling energy prices.

In fiscal 2013/2014, it became evident to global policymakers that recovery from the global crisis was taking longer than expected. More than half a decade onwards many countries are still struggling with painful legacies of the crisis, including extraordinarily high debt and soaring unemployment. The subdued global economic recovery in 2014 was due to further stunting of China's growth, Japan's unexpected fall into recession, anaemic growth in the Eurozone and lower momentum in previously dynamic emerging markets, particularly Russia.

In contrast, the United States was one of the few advanced economies to enjoy strengthening growth prospects in 2014. With the U.S. Federal Reserve having brought its quantitative easing stimulus programme to an end, the expectation is for an increase in the Fed funds rate in 2015. If this occurs, it will be the first rate hike in eight years and could have significant implications for emerging market economies, including Trinidad and Tobago.

In this climate of uncertainty, 2013/14 was a watershed year of change at Central Bank. The Bank restructured and streamlined its internal processes and operations, from expanding its outreach activities to demystify management of the financial system through inclusion, openness and information sharing with its many stakeholders to transforming the way critical economic information is organized and reported.

Recognizing communications as the new monetary policy tool, Central Bank broke new ground through the introduction of its Monetary Policy Forum with presentations in Debe, south Trinidad (November 2013) and Tobago (April 2014). At each Forum, the Bank explained the thinking behind its monetary policy actions directly to business organizations and individuals as a means of initiating a wider understanding in the national sphere of how the Bank thinks and acts.

It is the assured view of Central Bank that greater public understanding of the national economy and financial system by firms and individuals is critical to empowering stakeholders and promoting more informed decision-making. This is particularly crucial as Trinidad and Tobago continues to negotiate the challenge of navigating the economy back onto a path of sustained growth in the post-2008 global economy.

The demanding nature of this challenge was evident in 2013/14 when recovery of the Trinidad and Tobago economy

recorded over the previous two years abruptly stalled, necessitating a downward revision of growth projections. The main contributing factor was an unanticipated decline in the performance of the energy sector, in particular natural gas and LNG production, due to supply disruptions. The result was an estimated contraction of 1.5 percent in energy output in the first nine months of 2014.

Such decline would have taken the economy back into negative territory were it not for the higher than anticipated performance of the non-energy sector which grew by just over 2 percent over the same period, mainly in construction, distribution and finance.

One consequence of the improved performance of the non-energy sector was a heightened demand for foreign exchange reflected in rapid increases in new car sales and online credit card purchases. The Bank stepped in with a programme of foreign exchange interventions to alleviate shortfalls, providing an estimated US$1.4 billion or just over 25 percent of the foreign exchange supply over the period January-September 2014.

Based on an analysis of the foreign exchange market over the 20-year period since the market was liberalized in April 1993, and the changing profile of demand, the Bank introduced two fundamental changes to the foreign exchange distribution system in April 2014. The improvements were introduced to re-align the Bank's foreign exchange allocation system to match expanding imbalances in the domestic foreign exchange market. The first measure expanded access to the system by including all 12 licensed authorized dealers, only eight of whom had previously participated, despite having the necessary approvals for years. The second change introduced greater flexibility in use of the auction system to meet the highest demand based on price.

This enhanced distribution system, coupled with more timely and sizable interventions, was aimed at meeting trade related demands. As should be expected, the new system has been finessed in line with experience. At the end of fiscal 2013/14, Trinidad and Tobago was in the healthy position of having enough reserves to cover over one year of imports.

Changes in monetary policy were also introduced to deal with sustained high liquidity levels with the potential risk of a build-up in inflationary pressures. Internally, the Bank restructured its monetary policy decision-making framework to include external monetary and business expertise on the Monetary Policy Committee, provide greater scope for more deliberate thought and analysis and enhanced public awareness of monetary policy decisions.

Externally, the legislative framework was upgraded in December 2013 to strengthen the Bank's liquidity management capacity and increase its scope for open market operations. New ceilings set by the Treasury Bills Act and Treasury Notes Act give the Bank an additional $25 billion in Treasury Securities for absorbing excess liquidity in the banking system.

After keeping its policy rate unchanged at a cyclical low of 2.75 percent for the past two years, the Bank on September 26th 2014 increased its 'Repo' rate by 25 basis points to 3.00 percent. The announcement brought an end to the accommodative monetary stance which had been adopted by the Bank in 2009 following the global economic collapse. It also signaled a policy shift designed to insulate the economy from anticipated increases in U.S. interest rates. This policy interest rate adjustment will be of utmost importance to our economy's health in 2015.
High liquidity, combined with the expansion in economic activity and a slowdown in agricultural output, placed pressure on prices resulting in headline inflation accelerating towards double digits from the three percent recorded at the beginning of 2014. The main causal factor was an escalation in food price inflation. As the Trinidad and Tobago economy heads into 2015, keeping inflation in check will remain a priority of the Bank.

In presenting this Annual Report, I pay tribute to the illustrious succession of Governors whose signatures have graced these reports over the past five decades: Mr. John Pierce (1964 to 1966); Dr. Alexander McLeod (1966 to 1969); Mr. Victor Bruce (1969 to 1984); Dr. Euric Bobb (1984 to 1988); Mr. William Demas (1988 to 1992); Mr. T. Ainsworth Harewood (1992 to 1997); Mr. Winston Dookeran (1997 to 2002) and my immediate predecessor, Mr. Ewart S. Williams (2002 to 2012).

Each Governor has contributed immeasurably to the development of the Central Bank as a strong and stable institution with the expert and dynamic capacity to navigate global and domestic conditions.

As it enters the second 50 years of operation, Central Bank is confident changes introduced over the past year will better equip the institution for managing the economic uncertainty ahead. We will strive to create and maintain an environment conducive to sustainable growth for years to come. The good of our nation will continue to guide our work as the silent servant of the people and guardian of financial stability.

Governor
Chairman of the Board
Jwala Rambarran

BOARD OF DIRECTORS

Executive Directors

Mr. Jwala Rambarran
Chairman of the Board
Governor

Ms. Joan John
Executive Director
Deputy Governor

Dr. Alvin Hilaire
Executive Director
Deputy Governor

BOARD OF DIRECTORS

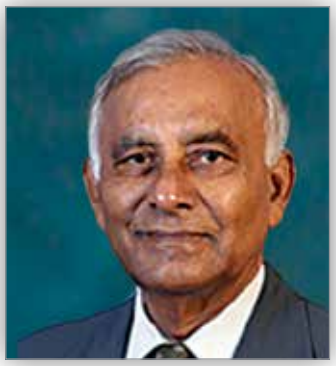
Non-Executive Directors

Mr. Carlyle Greaves
Date of Appointment:
April 11, 2012

Mr. Vishnu Dhanpaul
Date of Appointment:
September 18, 2013

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

Mr. Joseph Timothy
Date of Appointment:
July 25, 2014



Mr. Trevor Sudama
Date of Appointment:
July 25, 2014

Mr. Raoul John
Date of Appointment:
July 25, 2014

EXECUTIVE MANAGEMENT

Mr. Jwala Rambarran
Chairman of the Board
Governor

Ms. Joan John
Executive Director
Deputy Governor

Dr. Alvin Hilaire
Executive Director
Deputy Governor

Mr. Carl Hiralal
Inspector,
Financial Institutions

SENIOR MANAGEMENT

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

Mr. Alister Noel
Senior Manager,
Operations

Ms. Dianne Pierre
Senior Manager,
Project Management and
Corporate Services

Ms. Marie Borely
Chief Financial Officer

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

Mrs. Michelle Chong Tai-Bell
Chief Actuary

Ms. Wendy Ho Sing
Deputy Inspector,
Financial Institutions

Mr. Michael James
Senior Manager,
Research, Statistics & Reserve Management

Ms. Arvinder Bharath
Deputy Inspector,
Financial Services

Ms. Zoraida Dookie
Senior Manager
Information Resources

MANAGERS

Mr. Naveen Lalla
Manager,
Insurance Supervision

Ms. Wendy D'Arbasie
Manager,
Banking Operations

Mr. Gaston Harrison
Manager,
Employee and Industrial Relations

Mrs. Heather Huggins
Manager,
Human Resources

Ms. Nicole Chapman
Manager, Legal and
Corporate Secretariat
Services

Mrs. Michelle Francis-Pantor
Manager,
Supervision

Mrs. Denise Rodriguez-Archie
Manager,
Internal Audit

Mrs. Angela Henry-Small
Manager,
Statistics Department

MANAGERS

Mrs. Hiliary Wilkins
Manager,
KIM

Mr. Christopher Subryan
Manager,
Finance & Accounting

Mr. Vaughn Halliday
Manager,
Facilities and Property Manangement

Mrs. Sharda Maharaj-Ramjattan
Manager,
FIDA.

Ms. Suzanne Nero
Manager,
Pension Supervision

Ms. Joanne Seeram
Manager,
ITS

Ms. Charlene Ramdhanie
Manager,
Corporate Communications Department

Mrs. Sherry Bachew-Rudd
Manager,
Policy and Market Conduct

Mr. Garnett Samuel
Manager,
Domestic Market
Operations

ASSISTANT MANAGERS

Mr. Sherwin Kerr
Security Operations Officer,
Security

Ms. Patricia Babwah
Assistant Manager,
Legal

Mr. John Griffith
Assistant Manager,
Risk Management

Mr. Kendall Cuffy
Assistant Manager (Ag.),
Market Conduct

Miss Leslie-Ann Nicole Des Vignes
Assistant Manager,
Payment Systems

Ms. Loren Harrinauth
Asst Manager,
ITS - Business Applications

Ms. Isha Marshall
Assistant Manager,
Finance & Accounting

Mrs. Lisa Mary Quintyne
Assistant Manager,
ITS-Infrastructure

Mrs. Marlene Quirico-Callender
Assistant Manager,
Administrative Services

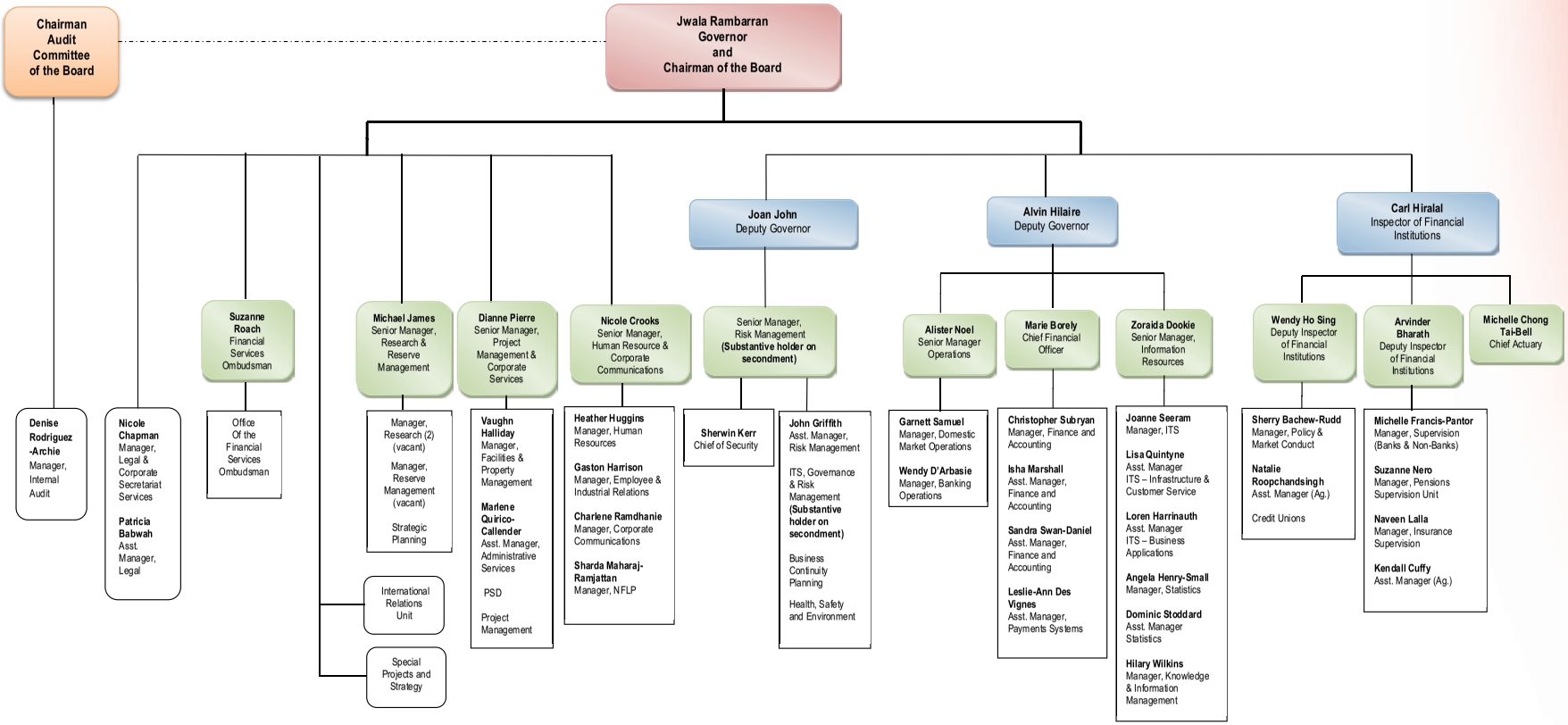
Ms. Natalie Roopchandsingh
Assistant Manager (Ag.),
Insurance Supervision

Mr. Dominic Stoddard
Assistant Manager,
Statistics

Mrs. Sandra Swan-Daniel
Assistant Manager,
Finance & Accounting

ORGANIZATIONAL STRUCTURE

AS AT SEPTEMBER 30, 2014



REVIEW

2013-2014

REVIEW 2013-2014
HIGHLIGHTS: BANK ACTIVITIES

STRENGTHENING THE REGULATORY ENVIRONMENT

- Central Bank entered into a strategic collaboration with the Trinidad and Tobago Securities and Exchange Commission (TTSEC) and the Financial Intelligence Unit (FIU) to promote information exchange for better management of systemic risk. In January 2014, the Bank signed a Memorandum of Understanding (MOU) with TTSEC which was followed four months later by the signing of two MOUs between CBTT and the FIU and TTSEC and FIU. The collaboration among the three regulators is designed to strengthen their individual and joint capacity for protecting the financial system from being used for money-laundering, funding of terrorism and other illegal activities.

- Central Bank embarked on a process to have five key financial institutions declared Systemically Important Financial Institutions (SIFIs) which would facilitate them being brought under its regulatory perimeter. The five SIFIs are the Unit Trust Corporation, the National Insurance Board, Home Mortgage Bank, Trinidad and Tobago Mortgage Finance and the Agricultural Development Bank.

- Further strengthening of the regulatory environment proceeded with work on the Insurance Bill and the Credit Union Bill. In January 2014, the Central Bank disseminated its Consultation Paper on the "Protection Fund for Deposits and Shares Held in Credit Unions" for comment by the Credit Union sector.

Professor Patrick Watson, Chairman of the TTSEC, Governor Rambarran and Susan S. François, Director of the Financial Intelligence Unit, at the signing of the AML MOU.

MODERNISING BANK NOTES

Central Bank initiated the process of switching to the Polymer series of bank notes as a safer, cheaper and greener alternative to existing cotton-based banknotes. The new $50 note will be the first Polymer note in the Caribbean. Polymer notes have a life of at least two times longer than cotton notes currently in use, making them more cost-efficient and environment-friendly. Polymer notes come with state-of-the-art security features that deter counterfeiters while ensuring confidence in bank notes.

EXPANDING FINANCIAL INCLUSION

In line with its commitment under the Maya Declaration of the Alliance for Financial Inclusion (AFI), Central Bank launched the Financial Inclusion Development Agency (FIDA) in Port of Spain in September 2014, becoming the first Caribbean country to do so. Financial inclusion is defined as giving people the knowledge to make responsible decisions about managing their money.

In separate signing ceremonies, Central Bank signed MOUs with Suriname and Guyana, respectively, under which the Bank agreed to transfer knowledge on financial inclusion.

Governor Jwala Rambarran signals the official start of the AFI GPF 2014. At left is Dr Alfred Hannig, Executive Director of AFI and at right, Amando M. Tetangco, Jr., Governor of the Bangko Sentral ng Pilipinas.

REVIEW OF ACTIVITIES 2013-2014

INDEXING BUSINESS CONFIDENCE

In partnership with the Arthur Lok Jack Graduate School of Business, Central Bank launched the Business Confidence Index in December 2013. The Business Confidence Index measures the business sector's perceptions of prevailing economic conditions in Trinidad and Tobago and is based on responses to quarterly Business Confidence Surveys.

ENHANCING DATA COLLECTION

To support and strengthen the collection of key economic data, Central Bank signed an MOU with the Central Statistical Office (CSO) in June 2014 under which the Bank will fund the recruitment of statisticians for three projects: national accounts data, trade data and labour force data.

BUILDING EXPERTISE

To build and strengthen its supervisory capacity, the Bank continued its aggressive recruitment of experienced professionals from the private sector for key supervisory positions in the Financial Institutions Supervision Department. These included a Second Deputy Inspector and an Anti-Money Laundering expert.

SUPPORTING TRAINING

To celebrate Central Bank's 50th Anniversary, the Bank offered five De La Rue scholarships: three in the field of Economics, one in Finance and one in Actuarial Science. These are priority areas for national skills-building

ENGAGING THE PUBLIC

Consistent with its policy to take central banking to the people and increase public awareness of national monetary developments, Central Bank took the historic decision to convene its newly created Monetary Policy Forum within communities outside of Port of Spain. In December 2013, the inaugural Monetary Policy Forum was held in Debe, south Trinidad. This was followed by a Forum in Tobago in April 2014. Both were very well attended and received by members of the business community and general public.

REKINDLING ECONOMIC GROWTH

Growth

After an expansion of 2.1 per cent in the fourth quarter of 2013, the Trinidad and Tobago economy slowed over the first three quarters of 2014, growing by a disappointing 0.7 percent. This was due mainly to an unexpected decline in the performance of the energy sector which was, however, largely offset by sustained growth in the non-energy sector.

Energy Sector

Activity in the energy sector rose by 2.4 per cent in the fourth quarter of 2013, an improvement over the decline of 3.9 per cent of the previous quarter. However, a series of shutdowns and stoppages by the two largest natural gas producers resulted in a contraction of 1.5 per cent in energy production in the nine months from January to September 2014.

Over the first three quarters of 2014, the exploration and production sector experienced a decline of 1.3 per cent, the refining sub-sector also declined by an average of 4.2 per cent as a result of maintenance work at Atlantic LNG and lower throughput at the Petrotrin oil refinery. However, petrochemical output increased by an average of 3.7 per cent over the same period.

Non-Energy Sector

The non-energy sector maintained the growth momentum which had carried it from 1.9 per cent in the fourth quarter of 2013 to an average of 2.2 per cent over the period January to September 2014. This was largely due to robust activity in the construction, distribution and finance sub-sectors.

Construction posted an increase of 2.1 per cent in the last quarter of 2013 which was further boosted to an average growth of 3.1 per cent over the first three quarters of 2014. A key contributor to construction activity was sales of local cement which rose by almost 8.5 per cent in the period January – September 2014. Higher construction activity reflected several on-going, large public sector projects such as the Point Fortin Highway, the Children's Hospital, the National Aquatic Centre and the Port at Point Galeota with further impetus from new private sector projects.

In the distribution sector, the driver of growth was new car sales with rates remaining in double digits. Buoyant commercial bank activity fuelled growth of 3.2 per cent in the finance, insurance and real estate sector.

Manufacturing

The manufacturing sector trended upwards to 1.2 per cent over the first nine months of 2014, as higher production of cement and other construction-related products boosted output in chemicals and non-metallic industries. Untapped potential within the manufacturing sector continued to be high, as companies utilized just below two thirds of their existing capacity

The capacity utilization rate for manufacturing firms in chemicals and non-metallic minerals industries, however, increased from 63.4 per cent to 72.7 per cent during the second quarter of 2014.

Agriculture

The agriculture sector grew by an average of 3.5 per cent over the nine-month period January-September 2014.

Unemployment

The unemployment rate remained generally stable having hit a historic low of 3.1 per cent in the first quarter of 2014.

Liquidity

The financial system continued to be marked by high liquidity levels. To contain the accumulation of excess liquidity in the system and keep a lid on the threat of inflation, the Bank utilized a mix of policy and legislative tools. In early December 2013, Central Bank's liquidity management framework was enhanced with an increase in the borrowing limits under the Treasury Bills Act (to $30 billion from $15 billion) and the Treasury Notes Act (to $15 billion from $5 billion). In 2014, the Bank expanded its net open market operations of Treasury securities, facilitated the issue of a liquidity-sterilization Treasury bond in June 2014 and rolled over commercial banks' special fixed deposits which had matured during the year.

In September 2014, Central Bank ended four years of an accommodative monetary stance when it increased the Repo rate by 25 basis points to 3.00 per cent, signaling the end of an era of record low interest rates.

TABLE I

SELECTED ECONOMIC INDICATORS

	2009	2010	2011	2012	2013	Jan-Sep-14
Real GDP Growth (%) (2000 = 100)[1]	-3.4	-0.3	-1.2	0.3	2.1	0.7
Energy Sector	1.3	1.8	-3.7	-1.9	0.2	-1.5
Non-Energy Sector	-6.6	-1.8	0.6	1.8	3.5	2.2
Agriculture	-0.7	-15.7	1.2	-2.4	0.3	3.5
Manufacturing	-6.6	0.8	1.7	-1.3	2.6	1.2
Construction	-2.5	-5.8	-2.4	-0.9	3.0	3.1
Financial Services	-1.8	2.5	0.9	2.5	4.8	3.2
Inflation Rate (%)[2]						
(period average)	7.0	10.5	5.1	9.3	5.2	4.6
(end of period)	1.3	13.4	5.3	7.2	5.6	7.8
Unemployment Rate (%)[3]	5.3	5.9	4.9	5.0	3.7	3.1*
	(IN PER CENT OF GDP)					
Overall Central Government Operations						
Surplus(+)/Deficit(-), (end of fiscal year)	-5.0	0.1	- 0.7	-1.4	-2.9	-1.5
Balance of Payments Current Account Balance						
Surplus(+)/Deficit(-)	8.5	19.7	11.9	3.3[e]	6.7[e]	8.5[e]
Public Sector Debt, (end of fiscal year)[4]	30.9	35.3	32.6	41.2	38.6	40.2
Central Government External Debt, (end of fiscal year)	7.2	6.7	6.3	6.7	5.4	7.3
Memorandum Items:						
Central Government External Debt in US$M (end of fiscal year)	1,421.9	1,561.4	1,638.6	1,860.6	1,692.8	2,254.9
Debt Service Ratio (%; (end of fiscal year))[5]	3.7	1.1	0.8	0.9	0.9	1.1
W.T.I. (US$/barrel, annual average)	61.8	79.4	95.1	94.2	97.9	99.8
	8,651.6	9,070.0	9,822.7	9,200.7	9,987.0	10,119.3**

SOURCES: Central Bank of Trinidad and Tobago, Central Statistical Office and Ministry of Finance.
P Provisional.
e - Central Bank estimates for the period March 2012 to September, 2014 are based on comparative mirror trade data with the rest of the world and supplemental data on activity in the energy sector.
1/ Growth rates are derived from the Central Bank's Quarterly Index of Gross Domestic Product.
2/ Changes in the Index of Retail Prices (RPI), January 2003 = 100.
3/ This represents the average of the four quarters.
4/ Includes the external and internal debt of the Central Government as well as contingent liabilities and excludes Treasury Bills, OMO Bills and Notes, Treasury Bonds and Liquidity Bonds.
5/ This is defined as the ratio of external public sector debt service to exports of goods and non-factor services.
* For the period January - March.
** As at September 2014.

REKINDLING ECONOMIC GROWTH

Inflation

After three consecutive quarters of relative calm, inflationary pressures picked up in the third quarter of 2014, driven primarily by food prices and higher consumer spending as evidenced by strong growth in consumer lending and a rapid increase in the sales of new motor vehicles accompanied by increased government spending. At the end of December 2013, core inflation, which excludes the impact of food prices, was low and stable at 2.0 per cent while headline inflation increased to 5.6 per cent, up from 4.4 per cent in the previous month.

By the third quarter of 2014, headline inflation had gained momentum, rising on a year-on-year basis from an average of 3.4 per cent during the first six months of 2014 to almost 8.0 per cent by the end of September 2014.

During the year under review, food inflation rose to 18.2 per cent after averaging 4.4 per cent over the first six months of 2014. Main contributing factors were vegetable prices and, to a lesser degree, fruit and food products. The increase in vegetable prices reflected lower domestic agricultural output which was partly due to the cessation of planting under the Caroni Green Initiative, creating a demand push on prices

Lending

For the first nine months of 2014, growth in credit to the private sector averaged 6.5 per cent, up from an average increase of 2.8 per cent in the corresponding period in 2013. Commercial banks drove the increase in overall lending, with bank credit averaging 7.0 per cent over the first three quarters of 2014, compared to 4.6 per cent over the comparable period in 2013. In addition, credit extended by non-bank financial institutions expanded in eight of the first nine months of 2014.

Over the nine months leading up September 2014, business lending increased to an average of 4.5 per cent compared to an average decline of 3.8 per cent over the same period in 2013.

Consumer loans continued to accelerate into the third quarter of 2014. A disaggregation of consumer credit for the third quarter of 2014 showed strong growth of loans for the purchase of motor vehicles (20.6 per cent) and credit card purchases (9.0 per cent). Housing-related loans maintained their upward trend.

Banks' weighted average lending rate declined steadily from 8.51 per cent in December 2013 to 8.03 per cent by September 2014. With deposits rates steady at 0.55 per cent over the first nine months of 2014, the spread between the weighted average lending and deposit rates narrowed by 48 basis points from December 2013 to 7.48 per cent in September 2014.

Foreign Exchange Market

Sales of foreign currency by authorized dealers (to the public) during the first nine months of 2014 amounted to US$5,183 million, 4.5 per cent higher relative to the amount sold over the same period in 2013. Despite lower conversions from the energy sector, purchases of foreign currency from the public (except from the Central Bank) totaled US$4,228 million. This was 2.6 per cent higher than purchases over the first nine months of 2013.

The system's net sale gap amounted to US$955 million in the first nine months of 2014. In order to fill this gap and support the market, the Central Bank sold US$1,190 million to authorized dealers. As a result, the weighted average selling rate appreciated to TT$6.3680 to US$ 1.00 dollar at the end of September 2014, up from the rate of (TT$6.4593 = US$1.00) at the end of December 2013.

International Capital Markets

After an absence of six years, the Government of Trinidad and Tobago successfully returned to the international capital markets in December 2013, issuing a US$550 million Eurobond which was oversubscribed by a factor of 9.9.

Stock Market

Over the period January to September 2014, the local stock market posted its first nine-month decline since 2009. On a year-to-date basis, the Composite Price Index (CPI) and the All Trinidad and Tobago Index (ATI) were down 3.4 per cent and 0.9 per cent, respectively. The cross-listed stocks continued to underperform due to the sluggish performance of the regional economies. The Cross Listed Index fell by 16.9 per cent in the first nine months of 2014. The Banking index was the worst performing sub-sector over the period with four out of the five listed banks experiencing price declines.

Total stock market capitalization stood at $109.1 billion at the end of September 2014.

Bond Market

Over the period January to September 2014, activity on the domestic primary bond market was generally on par with the corresponding period a year earlier. During the first nine months of 2014, four bond issues were raised totaling approximately $4.2 billion. This is in contrast with six primary issues which raised just under $4.0 billion in the corresponding period in 2013. The Central Government and state enterprises were the main borrowers on the market. In addition to the liquidity sterilization Treasury bond in June 2014, the Central Government also issued a $1.5 billion, 12-year, 2.8 per cent coupon bond for budgetary support in September 2014.

Trading activity on the Trinidad and Tobago Stock Exchange's (TTSE) secondary Central Government bond market was significantly lower over the period January to September 2014. In the first nine months of 2014, bonds with a total value of $455 million were traded. This was much lower than the value ($1.4 billion) traded over the corresponding period last year. With the exception of a few short to medium-term tenors, yields on Treasury securities generally trended upwards in the nine months of 2014. The benchmark 10-year TT Treasury bond yield rose to 2.71 per cent in September, up from approximately 2.50 per cent at the end of 2013.

Mutual Funds

Aggregate mutual funds under management stood at $41.4 billion in September 2014, representing an increase of 5.1 per cent from year-end 2013. Contributing to the stronger growth of the mutual fund industry was an increase in equity funds under management which rose by 11.5 per cent in the first nine months of 2014. Income funds under management recovered by 3.0 per cent after contracting by about 1.0 per cent one year ago. In terms of currency profile, both foreign currency and TT dollar-denominated funds improved in the first nine months of 2014. On a year-to-date basis, foreign currency-denominated funds expanded by 4.8 per cent in September 2014 compared to a fall of 4.9 per cent in the same period in 2013. The TT dollar-denominated funds grew by 5.1 per cent over the nine-month period, compared with a smaller increase of 2.6 per cent in the corresponding period of 2013.

Commercial Bank's Excess Reserves

Commercial banks' excess reserves held at the Central Bank averaged roughly $6.7 billion daily over the first 10 months of 2014, compared with $6.0 billion in the corresponding period of 2013.

Fiscal Operations

Revised estimates of Central Government's operations during fiscal 2013/2014 pointed to a more favourable outturn than initially anticipated. The Central Government incurred a fiscal deficit of $2,720 million (1.5 per cent of GDP) during October 2013 to September 2014 which is significantly lower than the original budget estimates of $6,357.1 million. The smaller fiscal deficit was primarily due to higher collections from the non-energy sector.

Balance of Payments

During the first nine months of 2014, the balance of payments registered an overall surplus of US$132.3 million, an improvement from the US$227 million surplus recorded in the corresponding period in 2013. The current account, however, posted a smaller surplus of US$1,797.5 million when compared with the same period one year earlier. The smaller current account surplus reflected a lower merchandise trade balance arising mainly from decreased natural gas and crude oil productions levels and higher net outflows of investment income. On the other hand, the capital and financial account recorded a narrower deficit of US$1,665.2 million in the first nine months of 2013. Net foreign direct investment fell slightly to US$703.7 million, partly due to higher reinvestments by energy companies. Meanwhile, portfolio investment recorded a net outflow of US$104.6 million, due to increased purchases of foreign securities by the financial sector.

The level of gross official reserves rose to US$10,119.3 million or 11.5 months of prospective imports of goods and non-factor services as at September 2014.

Business Confidence

The outlook of the business community was cautiously optimistic in September 2014. The Business Confidence Index (BCI) showed an increase to +37 in the third quarter of 2014 from +32 in the second quarter of 2014. More than half of respondents anticipated improvements in the local economy in the coming year, while 65 per cent expected their financial outlook to improve over the next 12 months. The majority of firms (93 per cent) expected to maintain or increase their workforce over the next 12 months. Businesses in Central Trinidad and in Tobago were most confident about the business and economic outlook in the short term. A shortage of skilled workers and increased competition from local firms were cited as the main constraints to business activity.

CLICO

Central Bank began the process of implementing its resolution strategy for CLICO.

FOSTERING CONFIDENCE IN THE FINANCIAL SYSTEM

The domestic banking sector remained stable and resilient with no evidence of major systemic weaknesses in fiscal year 2013/2014. Despite declining interest income and rising operating costs, the banking sector continued to be profitable and well-capitalised. Liquidity remained high, reflecting the prevailing low interest rate environment, weak credit growth and a paucity of sound investment opportunities.

Loan growth, although still positive, slowed, and continued to be driven by consumer lending. Notably, some tempering of growth in real estate mortgage loans occurred whilst vehicle financing expanded considerably during the year.

Credit quality, as measured by the ratio of non-performing loans to gross loans, improved to 4.5 per cent in September 2014, from 4.6 per cent in September 2013. This improvement resulted from a combination of loan restructuring, stronger collection efforts and loan write-offs, mainly in commercial real estate.

The overall capital adequacy ratio for the banking system stood at over 25 per cent as at September 2014 and far exceeded the minimum statutory requirement of 8 per cent. While the current capital framework provides for reserving of capital for credit and market risks only, the excess capital levels provide a reasonable buffer for other risks, such as operational and concentration risks.

Within the insurance sector, gross premium income for life insurance companies increased by almost 14 per cent in the year to September 2014, reflecting resilience post the CLICO crisis. The non-life or general insurance sub-sector also experienced steady growth in business, the majority of which was in property and motor vehicle insurance.

In a low interest rate environment, it is imperative the insurance sector properly underwrite, price and reserve for its insurance risk. In this regard, Central Bank continues to work with insurance companies in assessing their ability to meet their obligations for all issued policies. As a result, the level of technical reserves has been increasing steadily as a percentage of business written.

The proposed Insurance Bill will impose additional and more stringent minimum capital requirements on insurers commensurate with their risk profile. Whilst companies have been gearing up for the implementation of the new risk-based capital regime, some degree of consolidation is expected amongst the smaller insurance players.

The low interest rate environment also impacted the financial condition of occupational pension plans and accounted for the decline in the funding levels for some pension plans. Central Bank is actively monitoring these pension plans to ensure actuarial recommendations are being followed to address funding deficits. The Bank is also focusing its attention on the prudent review of pension plans which are in the process of being wound-up to ensure that the memberships' interests are secured.

Supervision of the Financial Sector

Central Bank increased significantly its surveillance of the financial services sector in 2013/2014. Several on-site examinations either focused on, or included, assessment of anti-money laundering and combatting the financing of terrorism (AML/CFT); credit, liquidity and operational risks as well as corporate governance practices. The emphasis on AML/CFT was influenced by the fact that Trinidad and Tobago will undergo a Fourth Round Mutual Evaluation by the Caribbean Financial Action Task Force (CFATF) to test its compliance with the revised 40 standards on AML/CFT. Trinidad and Tobago will be first in the Caribbean to be assessed under the new methodology.

For 2013/2014, 14 on-site examinations of banks and non-banks were conducted, compared to six a year earlier. In addition, 18 examinations of insurance companies, intermediaries and bureaux de change occurred.

This expansion of the supervisory mandate was facilitated by organizational restructuring of the Supervision Department as well as an increase in staffing. In keeping with Central Bank's commitment to deepen its supervisory focus, the Bank created a second Deputy Inspector position to focus on Supervision and recruited several new examiners with industry experience. Additionally, the Bank hired subject matter experts in AML and operational and credit risk to support the work of the Department.

Fraud and Operational Risk

The banking sector experienced relatively significant operational risk losses during fiscal 2013/2014 arising from internal and external fraud and failure of key processes. These issues have contributed to an increase in operating costs and banks have had to intensify their security systems and risk management. Oversight of operational risk is on the agenda for Central Bank's thematic reviews in the coming fiscal year.

TABLE II

SELECTED FINANCIAL SOUNDNESS INDICATORS

Commercial Banks, Non-Bank Financial Institutions and Insurance Companies

	2009	2010	2011	2012	2013	Sep-14
COMMERCIAL BANKS						
Capital adequacy						
Regulatory capital to risk-weighted assets	20.5	24.2	25.1	24.6	23.1	23.4
Regulatory Tier I capital to risk-weighted assets	18.5	21.7	22.7	22.4	21.3	22.2
Asset quality						
Nonperforming loans-to-gross loans	5.0	6.2	6.3	5.4	4.2	4.3
Nonperforming loans (net of provisions)-to-capital	9.2	13.3	14.5	9.6	7.8	7.6
Earnings and Profitability						
Return on assets	2.7	2.3	2.4	2.6	2.0	1.7
Return on equity	20.2	17.2	17.2	18.1	14.7	12.7
Liquidity						
Liquid assets-to-total assets	25.1	24.3	27.7	25.2	27.5	26.6
NON-BANK FINANCIAL INSTITUTIONS						
Capital adequacy						
Regulatory capital to risk-weighted assets	27.4	33.5	31.4	33.5	40.8	43.9
Regulatory Tier I capital to risk-weighted assets	27.3	32.7	34.0	37.2	44.0	45.8
Asset quality						
Nonperforming loans-to-gross loans	1.6	2.8	4.0	6.6	5.9	9.4
Nonperforming loans (net of provisions)-to-capital	1.3	2.0	1.8	3.6	3.4	5.3
Earnings and Profitability						
Return on assets	2.1	2.4	6.8	7.7	8.8	5.9
Return on equity	8.1	7.8	18.7	19.2	21.0	13.2
Liquidity						
Liquid assets-to-total assets	16.1	9.7	15.6	17.3	17.5	21.4
LIFE INSURANCE COMPANIES						
Capital Adequacy						
Capital to total assets	25.4	23.8	22.1	22.0	21.2	21.2
Asset Quality						
(Real estate +unquoted equities + debtors) / total assets	15.7	15.1	13.5	9.3	10.5	8.9
Earnings and Profitability						
Expense ratio = expense (incl commissions) /net premium	40.6	37.8	38.6	37.8	35.1	33.6
Investment yield = Investment income to investment assets	7.2	6.2	5.7	5.4	5.1	4.6
Liquidity						
Liquid assets to current liabilities	38.9	28.8	33.5	33.6	32.6	31.3
NON-LIFE INSURANCE COMPANIES						
Asset Quality						
(Real estate +unquoted equities + accounts receivables) / total assets	17.2	16.9	16.2	14.0	13.3	13.3
Actuarial Issues						
Net technical reserves/average of net claims paid in the last three years	122.0	130.2	154.8	164.1	168.4	172.6
Earnings and Profitability						
Return on Equity (ROE) = Pre-tax profits to shareholders funds	17.0	12.3	15.5	17.7	20.1	15.9
Return on assets (ROA)	7.2	4.8	6.4	7.7	9.0	7.1
Liquidity						
Liquid assets to current liabilities	59.3	48.4	42.9	56.5	60.5	57.9

SOURCE: Central Bank of Trinidad and Tobago.
1/ Data reported excludes Colonial LIfe Insurance Company (Trinidad) Limited and British American Insurance Company (Trinidad) Limited.

INSTITUTIONAL DEVELOPMENTS

1. Acquisitions and Rebranding

- In September 2013, Republic Bank Limited (RBL) increased its shareholding in HFC Bank Ghana Limited (HFC) to 40%, making it the single largest shareholder in that Bank. That action triggered Ghana's Security and Exchange Commission's Code on Takeovers and Mergers. RBL's mandatory takeover bid for the remaining HFC shares was approved by the Bank of Ghana in April 2014. RBL also sought approval from the Central Bank pursuant to Section 46(1) of the Financial Institutions Act, 2008 to increase its shareholdings in HFC to 51%. This transaction is yet to conclude.
- JMMB through its subsidiary JMMB (T&T) Limited acquired 50% shareholding in IBL from the Mittal Group, thereby becoming the 100% owner.
- The National Commercial Bank Jamaica, through its subsidiary NCB Capital Markets acquired 100% shareholding in AICFL from its former controller AICFG. This change in controller was primarily an organizational restructuring to facilitate consolidated supervision of the financial entities in the group. Commensurate with the change of controller, AICFL was rebranded as NCB Global Finance Limited.
- The Neal and Massy Group of Companies (Group) undertook a rebranding initiative which affected all companies within the Group, including two entities which are regulated by the Central Bank. In this regard:-
    - General Finance Corporation Limited (GFC), an institution licensed under the Financial Institutions Act, 2008 (FIA) changed its name to "Massy Finance GFC Limited"; and
    - United Insurance Company Limited, a company registered under the Insurance Act, changed its name to "Massy United Insurance Limited".

  The businesses that these two financial institutions are authorized to conduct remain unchanged.

2. First Citizens IPO

In August 2013, the Government of Trinidad and Tobago, the main shareholder of First Citizens (FC) conducted an Initial Public Offering (IPO) to divest 20 percent of its shareholding or 19.3% of the issued share capital of FC. However, corporate governance and other concerns surfaced during the process. In the wake of these developments, Moody's downgraded the institution's rating but this was subsequently reversed.

In addition, the bleak economic outlook for some Caribbean territories continued to impact regional banking conglomerates with branches or subsidiaries in Barbados, Jamaica, Guyana and Grenada. Two commercial banks with substantial regional exposures intensified their restructuring efforts which resulted in either the closure or consolidation of operations to achieve cost efficiencies. To date, two banks have made use of the International Financial Centre Zone created in Trinidad and Tobago to offer shared services to their regional branches/subsidiaries.

Enforcement

During fiscal year 2013/2014, Central Bank levied administrative fines on three financial institutions for breaching credit limits and failing to report credit exposures as required by the Financial Institutions Act, 2008. In addition, Central Bank did not renew the licence for one bureau de change that was found to be non-compliant with certain AML/CFT requirements and governing legislation.

In addition, the Bank strengthened its enforcement policy to take progressively stronger measures against unauthorized intermediaries and insurers operating in the market. The Bank published the names of two companies that were found to be operating in the insurance market, without being registered with the Central Bank and directed insurers to cease doing business with them.

Systemically Important Financial Institutions (SIFIs)

At the end of 2013, Central Bank took on responsibility for five (5) additional financial institutions, deemed to be systemically important to the financial system due to their size and complexity or national importance. These systemically important financial institutions (SIFIs) are the National Insurance Board, the Trinidad and Tobago Unit Trust Corporation, the Trinidad and Tobago Mortgage Finance Company Limited, the Home Mortgage Bank and the Agricultural Development Bank.

Accordingly, the Bank has commenced evaluation of the institutions' business models in order to develop appropriate supervisory frameworks for effective and independent oversight. On-site examinations of two (2) of these institutions were completed with another two examinations expected to commence in the next fiscal year.

Strengthening the Legislative and Regulatory Framework

Central Bank continued to work towards enhancing and fortifying the legislative, supervisory and regulatory frameworks. Specifically, Central Bank focused efforts on:

(i) *The draft* ***Insurance Bill.*** This Bill was laid again in Parliament in November 2013 and then referred to a Joint Select Committee of Parliament for a detailed review of its provisions. The new legislation will strengthen regulatory oversight and provide for enhanced prudential requirements for insurance companies when enacted into law. It will also enhance corporate governance practices and standards for market conduct.

(ii) *A revised draft* ***Credit Union Bill.*** Central Bank issued a Consultation Paper on the Protection Fund to the credit union community for its review and comments. The Bill is under revision pursuant to feedback from the Legislative Review Committee of Parliament (LRC) and further consultation with other stakeholders.

(iii) *An* ***Occupational Pension Plans Bill.*** Further adjustments are ongoing to the Policy Proposal Document for the development of an Occupational Pension Plans Bill issued in December 2012. The revisions seek to treat with the harmonizing of certain provisions across the private and public sectors.

(iv) ***Policy Proposal Document for the Implementation of Basel II*** to replace the Financial Institutions (Prudential Criteria) Regulations, 1994. This represents an evolution to a more sophisticated risk management and measurement system

(v) ***Supervisory and regulatory framework for SIFIs.*** In response to Cabinet's mandate on SIFIs, the Bank commenced work on the most appropriate legislative framework.

Foreign Account Tax Compliance Act (FATCA)

The Foreign Account Tax Compliance Act (FATCA) is US law which requires financial institutions outside the United States to pass information about financial accounts held by U.S. persons to the United States Inland Revenue Service. The Government of Trinidad and Tobago agreed that Trinidad and Tobago should enter into a Model 1 Inter-Governmental Agreement (IGA) with the United States authorities which would facilitate compliance with FATCA.

Central Bank collaborated with all stakeholders to facilitate the execution of the IGA and continues to provide support in the achievement of a final IGA to be executed between Trinidad and Tobago and the United States authorities.

Cost Recovery

Pursuant to the Payment of Supervisory Fees and Charges Regulations 2011, Central Bank recovered 80 percent of its budgeted supervisory costs for 2012/13. The Insurance Bill 2013 proposes certain consequential amendments to these Regulations which will clarify the payment of supervisory fees with regard to pension fund plans.

Cooperation on Anti-Money Laundering / Combatting the Financing of Terrorism (AML/CFT)

To further aid in the co-operation amongst the regulatory entities which regulate financial institutions, Central Bank entered into Memoranda of Understanding (MOUs) with the Financial Intelligence Unit of Trinidad and Tobago and the Trinidad and Tobago Securities and Exchange Commission, respectively, to deal with matters surrounding Anti-Money Laundering /Combatting the Financing of Terrorism (AML/CFT).

Central Bank also joined with other regulators and the National Committee on AML/CFT (NAMLC) to conduct a National Risk Assessment (NRA) of Trinidad and Tobago's money laundering and financing of terrorism risks. Such an assessment will allow Trinidad and Tobago to prepare an Action Plan to channel resources to address those areas which pose the greatest AML/CFT risks.

Further, the Central Bank through NAMLC also contributed significantly to the formulation of amendments to key AML/CFT legislation for ratifying by Parliament and completion of responses on the Technical Compliance Questionnaire for the Caribbean Financial Action Task Force (CFATF) in preparation for the Mutual Evaluation exercise in early 2015.

Bureaux de Change

Work has been ongoing with regard to strengthening the legislative framework and the supervision of money remitters and bureaux de change. In April 2014, the Central Bank presented to the industry proposals for a revised regulatory and supervisory framework for the bureaux de change, incorporating additional licensing requirements and new fit and proper criteria for officers and directors.

National Financial Crisis Management Plan

Central Bank, with the approval of the Minister of Finance and the Economy, produced a draft National Financial Crisis Management Plan and has subsequently been working as part of a task force comprising the Ministry of Finance and the Economy, the Deposit Insurance Corporation and the Securities and Exchange Commission to finalize the Plan.

The key features of the Plan are designed to enable crisis preparedness and include:

- Options for recovery and resolution of a SIFI in crisis;
- Inter-agency communication, co-ordination and protocols; and
- Identification of roles for each stakeholder in each identified option.

Regional Financial Stability

Central Bank is spearheading an initiative to strengthen regional financial stability through development of a map which shows the financial interconnectedness among banks, insurance companies and other financial institutions in the region. Stress testing of these financial linkages will serve to identify the areas and extent of vulnerabilities associated with contagion risk and to develop appropriate buffers and responses to maintain regional financial stability.

MANAGING FOREIGN RESERVES IN VOLATILE GLOBAL MARKETS

Global financial markets exhibited heightened volatility throughout fiscal 2013/ 2014 as the U.S. Federal Reserve tapered its asset purchases programme, economic fundamentals deteriorated in Europe and Japan, and geopolitical tensions amplified in the Ukraine, Russia and the Middle East. Accordingly, investors became increasingly risk averse and fixed income securities exhibited modest returns with U.S. Treasuries gaining 2.28 per cent over the year.

Against this background, the core underlying philosophy of the Bank's investment strategy remained anchored to:

- Safety: Preserving the capital value of the Reserve Portfolio;
- Liquidity: Ensuring that there was sufficient liquidity to cover all obligations;
- Return: Achieving an acceptable investment return; and
- Risk: Minimizing the risk of a negative return in any given year.

The Reserve Portfolio gained 0.16 per cent over the fiscal year 2013/2014. This compares with a return of 0.17 per cent in the prior year. The slightly lower performance of the portfolio was as a result of increased volatility in financial markets. Nonetheless, tactical repositioning strategies were exploited in an effort to enhance the portfolio's overall performance.

During fiscal year 2013/ 2014, energy revenue continued to be the principal source of inflow to the foreign currency reserves, totaling approximately US$2.2 billion. Proceeds of approximately US$548.9 million from the issuance of the 4.375 per cent 10-year Government of Trinidad and Tobago Bond in December 2013 were also a main inflow to the portfolio. These amounts were sufficient to meet the major outflows from the portfolio, including foreign currency sales to the domestic market amounting to US$1.2 billion and Central Government payments totaling US$742.2 million. At the end of September 2014, the foreign currency reserves were valued at US$10.1 billion compared with a value of US$9.4 billion one year earlier.

UNDERTAKING RELEVANT AND TIMELY RESEARCH

In 2013/2014, the Research Department continued to focus on solidifying its information base in all areas—monetary, real sector, balance of payments and debt - while further strengthening research output through closer collaboration with other researchers and agencies. The following projects were on-going:

- Medium-term forecasting in the financial programming framework;
- Strengthening the Bank's monitoring and liquidity management framework; and
- Coordinating preparation of concept notes on policy issues.

Over the review period, the Research Department continued to produce economic intelligence publications such as the Annual Economic Review, the Economic Bulletin and the Monetary Policy Report.

Numerous policy notes were developed to support the work of various committees including the Monetary Policy Secretariat and the Financial Stability Secretariat. These included the re-examination of the monetary policy transmission mechanism in Trinidad and Tobago, an explanation of the manufacturing sector and capacity utilization estimates, establishing the "true" rate of unemployment and calculating Trinidad and Tobago's exposure to CARICOM.

The department played a significant role in the signing of a Memorandum of Understanding between the Central Bank and the Ministry of Planning and Sustainable Development under which the Central Bank will provide human resources and information technology to the Central Statistical Office.

The Research Department continued to provide support, in the form of analyses and data, to a range of institutions including the Ministry of Finance and the Economy; the Ministry of Trade, Industry, Information and Communications; and the CARICOM Secretariat and its various organs. The department was also instrumental in coordinating the visit of Prof. Paul Mizen, one of the world's foremost authorities on monetary policy, to present a series of lectures to the Research Department as well as one public lecture on the future of central banking.

IMPROVING CONSUMER FINANCIAL PROTECTION

The theme for the operations of the Office of the Financial Services Ombudsman's (OFSO) for fiscal 2013/2014 was **"A New Beginning"** which addressed the fundamental objectives of awareness and accessibility of the scope of functions offered to the general public.

The Governor approved the OFSO's Strategic Plan 2013-2015, paving the way for preparation of a Policy Paper Document (PPD), the first step towards changing the voluntary Scheme to one underpinned in law.

After an absence of one year, the OFSO returned to Tobago with the opening of its office in May 2014. Service to the public began in June, and continued every 2nd and 4th Wednesday of the month.

The OFSO continued to accept complaints from the public seeking redress. During the period October 2013 to August 31, 2014, a total of 650 persons made enquiries at the OFSO while the number of formal banking and insurance complaints were 22 and 314, respectively. Timely resolution of insurance complaints was affected by the complexity of the motor vehicle accidents and undue delay of receipt of documentation to support complaints.

For the first time, the OFSO hosted the members of the International Network of Financial Services Ombudsman Schemes for the International Conference known as INFO 2014. The conference was held during the period September 28 - October 2, 2014 and included a full day of activities in Tobago. Over 80 delegates from Europe, Asia, Africa, the Pacific and North and South America attended the conference.

BANKER TO GOVERNMENT

Currency in Circulation

In accordance with the Central Bank Act Chapter 79:02, the Bank continued to perform the role of sole issuer of Trinidad and Tobago currency. Currency in circulation grew by 13 per cent to $7,410 million in 2013/2014 (Chart 1). The traditional seasonal pattern of higher demand for currency during the holiday season of November and December were also evident during the fiscal year.

The amount of new bank notes issued by Central Bank grew by 85 million, 9 percent less than the 88 million new notes issued in the previous fiscal year. The $100 denomination represented about 90 percent of the total value of all notes in circulation while the $1 denomination accounted for the largest volume at 45 percent of total notes in circulation. With respect to coins, the 1 cent remained the most widely circulated coin, representing about half of the total volume of coins in circulation while the 25 cents coin accounted for the largest value in circulation at 60 percent of total value. Charts 2 and 3 show the relative share of each denomination for notes and coins, respectively, in circulation at the end of September 2014.

Chart I
Currency in Circulation

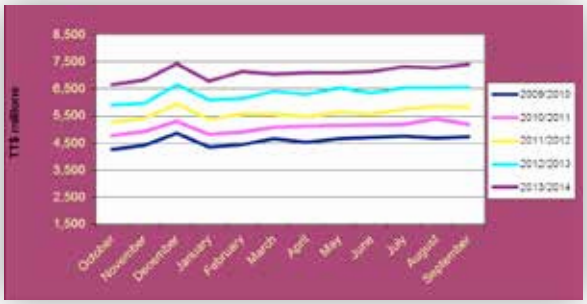


Chart II

Volume of Notes in Circulation by Denominations

as at September 30, 2014

Value of Notes in Circulation by Denominations

as at September 30, 2014

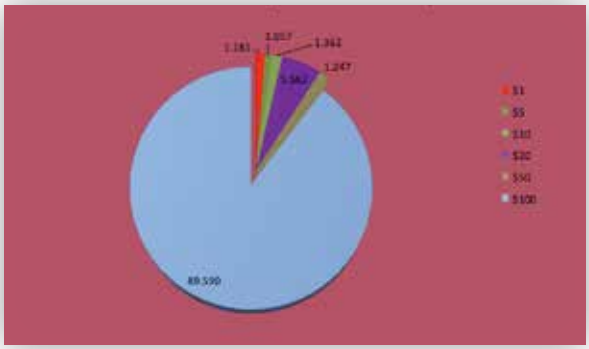
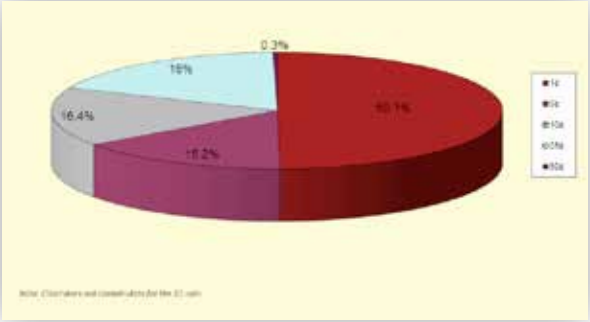


Chart III

Volume of Coins in Circulation by Denominations

as at September 30, 2014



Value of Coins in Circulation by Denominations

as at September 30, 2014

Clearing and Settlement Systems

Central Bank continued to perform the role of operator for the Real Time Gross Settlement (RTGS) system, safe-tt, and the manual Cheque Clearinghouse Facility for domestic currency cheques. The RTGS electronic system facilitates the clearance and settlement of large value and time-sensitive transactions among the banks and Central Bank and remains the most significant payment system in the domestic economy in terms of value. The RTGS system settled 59,730 transactions for a total value of $543 billion as at September 2014. The volume of cheques cleared by the Central Bank as at September 2014 decreased by 12 per cent to 1.7 million with a corresponding decrease of 10 per cent in the value of cheques cleared to $57.9 billion.

As in previous years, the payments system maintained a good level of compliance with the Ten Core Principles for Systemically Important Payments Systems. Central Bank collaborated with the Payment Systems Council (PSC) to promote the use of electronic payments and met with several potential payments service providers.

Moreover, the Bank continued to work with Government on legislation to allow Government to make and receive payments electronically. The Finance Bill which includes the amendments to the Exchequer and Audit Act was passed in Parliament in April 2014 and assented to by the President in June 2014. Central Bank also nominated a representative to serve on the National Technical Advisory Committee on Electronic Transactions

Financial Institutions Reserve Balances

The statutory cash reserve ratios for commercial banks and non-bank financial institutions remained unchanged at 17 per cent and 9 per cent of prescribed liabilities, respectively, in fiscal 2013/2014. In addition to the statutory cash reserves, commercial banks continued to hold a secondary reserve of 2 per cent of prescribed liabilities.

Additionally, as part of the Bank's monetary policy strategy to absorb excess liquidity from the domestic financial system, commercial banks were required to maintain special deposits at the Central Bank. At the end of September 2014, four one-year special deposits were held at the Bank as follows:

- A deposit of $1.5 billion which matured on 27 December 2013 was subsequently reinvested.
- A deposit of $2.0 billion which matured on 1 November 2013 was subsequently reinvested.
- A special fixed deposit of $1.49 billion which matured on 14 March 2014 was subsequently reinvested and increased to $1.5 billion.
- A special fixed deposit of $1 billion which matured on 2 May 2014 was subsequently reinvested.

Interest paid to commercial banks on these fixed deposits during the fiscal year totaled $26.4 million.

Regional Arrangements

Bank of Guyana Consolidated Debt

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

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

This consolidated debt was reduced under the IMF's Enhanced Heavily Indebted Poor Countries (HIPC) Initiative to US$56 million in 2005. This debt continues to be serviced on a semi-annual basis and during the financial year 2013/2014, an amount of US$5.64 million was received. This was distributed as follows based on the proportions of the original loan:

- Government of the Republic of Trinidad & Tobago - US$1.14 million
- Central Bank of Trinidad and Tobago - US$4.50 million

At the end of September 2014, principal balance outstanding stood at US$33.2 million.

Grenada Government 7½% Debentures – 82/83

In 1971 and 1973 the Central Bank of Trinidad and Tobago purchased debentures issued by the Government of Grenada with a face value EC$50,000 and EC$250,000 respectively. The debt was not retired as arranged and the total due as at end September 2014 was EC$2.91 million, comprising principal of EC$1.046 million and interest of EC$1.866 million.

Caricom Multi-Lateral Clearing Facility (CMCF)

In March 2014, the CARICOM Central Bank Governors agreed to wind up the operations of the CARICOM Multilateral Clearing Facility (CMCF). By mid April 2014, all payments were made to the respective members in accordance with the agreement.

Banco Latinamericano De Exportaciones S.A. (BLADEX)

Central Bank holds a total of 160,626.50 shares in BLADEX. During fiscal 2013/2014, dividends totaling US$216,845.79 were received.

Paying Agent Functions

The Bank continued to act as the Registrar and Paying Agent of all issues of Government and State Enterprise (Agency) bonds maintained under the Government Securities Auction System and Depository as well as bonds which were issued in previous years.

Centralised Securities System (CSS) GOTT Bonds

During fiscal year 2013/2014, principal repayments and interest payments to State Agency bondholders amounted to $352 million and $345 million, respectively. Total principal and interest paid to Central Government bondholders (inclusive of NIPDEC) amounted to $1.58 billion and $1.55 billion respectively, compared to the corresponding period's interest paid of $1.4 billion. This represented an increase of 10.0 per cent compared to the previous year.

Centralised Securities System (CSS) GOTT Bonds cont'd

On November 30th 2013, payments in respect of the second tranche of CLICO zero coupon bonds were made to bondholders in the amounts of $477.4 million compared to $460.7 million in the first tranche.

The following domestic bonds were issued during the period under review:

- $1.0 billion NIPDEC 4.0% October 25, 2029 Government guaranteed private placement bond issued October 25, 2013. This bond was raised to finance projects under the Programme of Upgrading Road Efficiency (PURE).
- $2.5 billion GORTT 2.8% September 23, 2026 bond issued September 23, 2014. This bond was raised to assist in financing the 2013/2014 Budget.

There was one liquidity management bond issued during the fiscal year:

- GOTT $1 billion 2.2% June 27, 2021 bond issueJune27, 2014.

Public Sector (Arrears of Emoluments) and Tax Free Bonds

The Bank continued to encash small amounts of outstanding bonds issued under the Public Sector (Arrears of Emoluments) Act 1995, the Public Sector (Arrears of Emoluments) Amendment Act 1998 and Tax Free Bonds created under the Government Savings Bond Act Chap 71:41. During fiscal 2013/2014, payments of $0.022 million on Public Sector bonds were made compared to $0.034 million in the previous fiscal year. For the Tax Free bonds which matured in December 2005, total principal and interest repayments were $0.048 million in fiscal 2013/2014 compared to $0.009 million in the prior fiscal year.

BUILDING HUMAN CAPACITY AND KNOWLEDGE

Performance Management

Fiscal year 2013/2014 was the first operational year of the Bank's revised Personal Performance Management System (PPMS). Management and staff embraced the new system and worked assiduously to ensure compliance. The system was closely monitored and feedback sought from management and staff, resulting in a number of enhancements in time for fiscal 2014/2015.

Staff Development

Central Bank continued to ensure its training initiatives were fully aligned to the strategic direction and to filling targeted competency gaps. More than half of staff participated in various training programmes particularly those in the Financial Institutions Supervision, Banking Operations, and Information Technology Services departments. Staff members of the Security Services were engaged in several training interventions including Excellence in Customer Service and Executive Protection.

A significant intervention was made in building the Bank's leadership capability. Nineteen (19) senior professional staff members and junior management staff participated in the Bullet Proof Management Development Training Programme which provides exposure to best practice leadership models that can enhance both individual and organizational performance.

In line with the Bank's commitment to support its employees in their personal development, the Graduate in Development Program, which was re-introduced in 2012, was extended to 2013/2014. Twenty five (25) employees were exposed to management developmental programmes designed to equip them with the requisite competencies for responsibilities at a higher level within the Bank.

Competency Management

A major strategic project for 2013/2014 was implementation of a Competency Based Management System (CBMS) which translates strategic vision into employee behaviours that deliver business results. The CBMS will complement the recently introduced Performance Management System which has updated all job descriptions to include a Competency Profile which establishes the proficiency levels required for each competency. Implementation of this project was facilitated by an external consultant who worked closely with the Human Resources department, change sponsors, managers and departmental teams to develop a Competency Framework consistent with the Bank's needs.

Industrial & Employee Relations

The Bank completed negotiations with the Estate Police Association covering the period 2012 /2014. The parties agreed to a 14% increase for Security Personnel.

Recruitment and Staffing

During FY 2013/2014, Central Bank continued to build capacity strategic areas. As at September 30, 2014, the complement of the Bank's manpower was 628 employees (582 permanent and 46 contract), representing an increase of 12.5 percent over the previous fiscal year. The increase in staff complement included management and specialist positions deemed critical especially for executing the Bank's expanding financial stability mandate. There were 24 separations from the Bank of which almost half were due to retirement.

The Bank also took a decision to assist the Central Statistical Office with recruitment of staff in three (3) critical areas of its operations:

- National Accounts
- International Trade
- Continuous Sample Survey of the Population (CSSP)

The objective of this initiative is to assist the CSO in improving the quality and timeliness of statistical data in the shortest possible time. Six (6) persons were recruited for the CSO on one-year contracts.

COMMUNICATIONS
THE NEW MONETARY POLICY TOOL

Fiscal year 2013/2014 saw further evolution of the Central Bank's relationship with the national community based on greater communication, openness and inclusion. The Bank's Wall Art Project in which valuable pieces of the Bank's trove of art were displayed for public viewing on the exterior of the Bank came to symbolize the new culture of outward engagement and sharing. The following strategic initiatives set the tone for change in marking the Bank's 50th anniversary.

❖ Monetary Policy Forum

The introduction of a bi-annual Monetary Policy Forum created a dynamic new avenue for direct engagement between Central Bank and the citizens it serves. Built around the release of the Monetary Policy Report, the Forum took critical information directly to the business community and other members of the public. Two forums were held in FY 2013/2014, the first of which was in Debe, south Trinidad in November 2013 followed by another in Tobago in April 2014. Each occasion provided a unique opportunity for direct questions to the Governor and discussion about how Bank decisions affect business.

❖ Divali Nagar and Ramleela

In pursuit of new opportunities for meeting national audiences, Central Bank participated for the first time in Divali Nagar and Ramleela celebrations in October and November 2013. At both events, the Bank was represented by the joint presence of the National Financial Literacy Programme and the Office of the Financial Services Ombudsman, both of which have a public outreach mandate. The booths were manned by volunteer staff from several departments who connected with over 1,000 persons in the information-sharing exercise.

NFLP staff interacting with visitors at their Ramleela booth

❖ The Wall Art Project

The official launch of Central Bank's 50th anniversary commemoration was marked by a novel exercise of public sharing in which 13 paintings from the Bank's valuable art collection were publicly unveiled on its exterior walls in January 2014. Among the pieces were paintings by Leroy Clarke, Sybil Atteck and Ralph Baney. In support of emerging artists, two pieces by teenagers were included. One by Renee Roberts who was the winner in her age group in an art competition held by the Bank in 2013 while the other by Kajol Madho was a purchase by the Bank.

Mounting of the final piece of Art on the Wall project

❖ Central Banks' Intra-Regional Games

In April 2014, the Bank took to the field of sport as host of the biennial Intra-Regional Games featuring teams of central bankers from across the Caribbean. First-time participants Suriname and Aruba made a commendable showing at the nine-sport event which was held during April 17 – 21 at the UWI Sports facilities. In the end, Central Bank of Trinidad and Tobago took gold to emerge winners.

Governor Rambarran and Andy Wong, President of the Sports Club, accepting the winning trophy for Intra Regional Games 2014

CBTT 2014 Intra Regional Team

CBBT Team celebrating at the netball finals

❖ Dr. Rudranath Capildeo Legacy Lecture Series

As part of the 50th anniversary commemorative events, Central Bank inaugurated the Dr. Rudranath Capildeo Legacy Lecture Series on Sunday 4th May in recognition of Dr. Capildeo's contributions to academia, science, politics and law. The lecture was presented by Dr. Rudy Capildeo, son of Dr. Rudranath Capildeo. On the occasion, Wasim Olliverre, a student from Dr. Capildeo's alma mater, Queen's Royal College, was awarded a scholarship for Outstanding Performance in Science. The lecture was followed by the opening of the Dr. Rudranath Capildeo Legacy Exhibition. The theme, "From Lion House to Legend", traced the Capildeo family history from the arrival of Dr. Capildeo's father, Pundit Capildeo, from India in 1894, to Dr. Capildeo's intellectual achievements and political career until his untimely death at the age of 50 in 1970.

Dr. Rudy Capildeo, son of Dr. Rudranath Capildeo, giving the inaugural Rudranath Capildeo Legacy Lecture

Dr Capildeo presents Wasim Olliverre, a student of QRC, with a scholarship for Outstanding Performance in Science.

❖ Lecture by Professor Dr. Paul Mizen

"Central Banking: The Next 50 Years" was the theme of a lecture delivered at the Bank on May 15, 2014 by Professor Paul Mizen, Professor of Monetary Economics and Director, Centre for Finance, Credit and Macroeconomics at the University of Nottingham.

❖ Dr. Eric Williams Memorial Lecture

The 28th Annual Eric Williams Memorial Lecture was hosted by the Bank on Saturday June 14th 2014. Speaking before a packed audience, feature speaker Dr. Franklin Knight addressed the topic 'The Eric Williams Contribution to Caribbean History and Historiography'. In honour of Dr. Williams' legacy as a historian, Keshav Cassano, a student of Dr. Williams' alma mater Queen's Royal College was awarded a scholarship for Outstanding Performance in History.

Dr Franklin W. Knight at 28th Annual Eric Williams Memorial Lecture

❖ Global Policy Forum of the Alliance for Financial Inclusion

From September 9-11, the Central Bank co-hosted the Global Policy Forum (GPF) of the Alliance for Financial Inclusion (AFI), one of the largest gatherings of global financial policy makers. The focus of the Forum is to discuss creative solutions for making financial services more accessible to the world's 2.5 billion 'unbanked' people. A highlight of the Forum was Central Bank's launch of the Financial Inclusion Development Agency, FIDA.

Dr. Zeti Akhtar Aziz, Governor of Bank Negara Malaysia

❖ De La Rue Scholarships

In partnership with De La Rue of the United Kingdom, Central Bank awarded five scholarships in the disciplines of Economics, Finance and Actuarial Science for the 2013/2014 academic year. Each scholarship is tenable for a maximum period of two academic years and covers the cost of books, materials and tuition.

The scholarships were awarded to:

- Mr. Keron Victor - Economics
- Ms. Latoya Richards - Finance
- Ms. Marissa Chester - Economics
- Ms. Priya Singh - Actuarial Science
- Ms. Ranita Seecharan - Economics

50TH ANNIVERSARY

A Commemoration in Photos

FINANCIAL STATEMENTS

2013-2014

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 30 SEPTEMBER 2014

The accompanying Consolidated Financial Statements of the Central Bank of Trinidad and Tobago for the year ended 30 September 2014 have been audited. The Statements comprise the Consolidated Statement of Financial Position as at 30 September 2014, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended 30 September 2014 and Notes to the Consolidated Financial Statements numbered 1 to 30.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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. The audit was conducted in accordance with auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

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

Page 1 of 2

Report of the Auditor General

OPINION

5. In my opinion, the Consolidated Financial Statements as outlined at paragraph one above, present fairly, in all material respects, the financial position of the Central Bank of Trinidad and Tobago and its subsidiary as at 30 September 2014 and the related financial performance and cash flows for the year ended 30 September 2014 in accordance with International Financial Reporting Standards except as stated at Note 2a to the Consolidated Financial Statements.

19th December, 2014

MAJEED ALI
ACTING AUDITOR GENERAL

Auditor General's Report
CBTT 2014

Page 2 of 2

Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sep-14 $'000	Restated Sep-13 $'000	Restated Sep-12 $'000
ASSETS				
Foreign currency assets				
Foreign currency cash and cash equivalents	**4**	33,916,422	32,205,796	32,372,487
Foreign currency investment securities	**5,7,28**	28,746,150	27,663,771	26,842,735
Foreign receivables	**9**	5,999,998	4,464,797	6,007,948
Subscriptions to international financial institutions	**10**	3,400,194	3,418,382	3,414,035
International Monetary Fund - Holdings of Special Drawing Rights		2,656,812	2,675,735	2,674,246
		74,719,576	**70,428,481**	**71,311,451**
Local currency assets				
Local currency cash and cash equivalents	**4**	1,791,192	2,446,042	1,716,096
Local currency investment securities	**5,6,7,28**	188,721	447,806	272,683
Retirement benefit asset	**8,28**	276,249	195,276	221,663
Accounts receivable and prepaid expenses	**9**	2,209,180	2,436,924	2,166,011
Other assets	**11**	261,879	246,116	271,191
Property, plant and equipment	**12**	220,171	209,468	219,608
		4,947,392	5,981,632	4,867,252
TOTAL ASSETS		**79,666,968**	**76,410,113**	**76,178,703**
LIABILITIES				
Foreign currency liabilities				
Demand liabilities - foreign	**13**	227,630	197,768	197,433
International Monetary Fund - Allocation of Special Drawing Rights		3,093,995	3,116,665	3,115,305
Accounts payable	**14**	6,729,766	4,596,034	6,095,922
		10,051,391	**7,910,467**	**9,408,660**
Local currency liabilities				
Demand liabilities - local	**13**	34,861,131	34,143,449	33,802,701
Accounts payable	**14**	28,206,128	26,935,901	25,060,103
Provision for transfer of surplus to government		177,364	392,550	555,332
Provisions	**15,28**	4,660,504	5,343,820	5,839,141
		67,905,127	**66,815,720**	**65,257,277**
CAPITAL AND RESERVES				
Capital	**22**	800,000	800,000	800,000
General Reserve		766,279	746,572	702,955
Fair Value Reserve	**23**	-	126,000	-
Retained Earnings		144,171	11,354	9,811
		1,710,450	**1,683,926**	**1,512,766**
TOTAL LIABILITIES, CAPITAL AND RESERVES		**79,666,968**	**76,410,113**	**76,178,703**

Governor

REPUBLIC OF TRINIDAD AND TOBAGO S.G. 20141219 AUDITOR GENERAL

Deputy Governor

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sep-14 $'000	Restated Sep-13 $'000
Income from foreign currency assets			
Interest and other income		329,520	323,639
Investment expense		(25,750)	(24,669)
		303,770	298,970
Loss from currency translations		(33,088)	(12,039)
Net (loss)/gains realised on disposal and amortisation of investments		(252,010)	143,459
	16	**18,672**	**430,390**
Income from local currency assets			
Interest income	**17**	510,955	465,196
Rental income		3,053	1,980
Other income	**17**	307,871	68,474
		821,879	**535,650**
Decrease in provisions		-	2,267
Total income		**840,551**	**968,307**
Operating expenses			
Printing of notes and minting of coins		89,933	77,391
Salaries and related expenses		135,391	193,562
Interest paid		81,395	129,427
Directors' fees		992	1,487
Depreciation		33,135	32,357
Other operating expenses	**18**	102,358	96,373
Increase in provisions		67,459	-
Total operating expenses		**510,663**	**530,597**
Net surplus for the period		**329,888**	**437,710**
Other comprehensive income			
Revaluation of available for sale investment		-	126,000
Total comprehensive income for the period		**329,888**	**563,710**

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

	Issued and Fully Paid Up Capital $'000	General Reserves $'000	Fair Value Reserves $'000	Retained Earnings $'000	Total $'000
Balance as at 1 October 2012	800,000	702,955		9,811	1,512,766
Net surplus for the period	-	-		437,710	437,710
Transfer of surplus to Consolidated Fund	-	-		(392,550)	(392,550)
Transfer to General Reserve	-	43,617		(43,617)	-
Revaluation of available for sale investment			126,000		126,000
Balance as at 30 September 2013 (Restated)	800,000	746,572	126,000	11,354	1,683,926
Balance as at 1 October 2013	800,000	746,572	126,000	11,354	1,683,926
Net surplus for the period	-	-		329,888	329,888
Transfer of surplus to Consolidated Fund	-	-		(177,364)	(177,364)
Transfer to general reserve	-	19,707		(19,707)	-
Reclassification Adjustment			(126,000)		(126,000)
Balance as at 30 September 2014	800,000	766,279	-	144,171	1,710,450

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

		Sep-14 $'000	Restated Sep-13 $'000
Cash flows from operating activities			
Net surplus for the year before taxation		329,888	437,710
Adjustments for:			
Depreciation		33,135	32,357
Net gain on disposal of fixed assets		(126)	(680)
Interest income		(840,475)	(788,835)
Interest expense		81,395	129,427
Dividend income		(11,532)	(6,072)
Provisions		67,459	(2,267)
Revaluation of Artwork		(1,105)	(772)
Cash outflow before changes in operating assets and liabilities		**(341,361)**	**(199,132)**
Changes in operating assets and liabilities			
(Increase)/Decrease in accounts receivable & prepaid expenses		(1,265,505)	1,257,228
(Increase)/Decrease in other assets		(27,443)	13,623
(Increase)/Decrease in pension asset		(80,973)	10,570
Increase in accounts payable and other liabilities		4,165,866	692,120
Net cash flow from operations		**2,450,584**	**1,774,409**
Cash flows from investing activities			
Purchase of property, plant and equipment		(43,476)	(21,614)
Proceeds from sale of property, plant and equipment		869	850
Net purchase of investments		(1,366,035)	(1,319,828)
Net repayment of loans and advances		71,402	39,116
Interest received		812,037	795,463
Dividends received		11,532	6,072
Interest paid		(95,758)	(104,478)
Net (increase) in International Monetary Fund Holding of Special Drawing Rights and Allocation account		(3,747)	(128)
Payment to Consolidated Fund		(392,550)	(555,332)
Net cash flow used in investing activities		**(1,005,726)**	**(1,159,879)**
Cash flows from financing activities			
Lease payment		11,680	11,451
Net cash flow from financing activities		**11,680**	**11,451**
Net increase in cash and cash equivalents		1,456,538	625,981
Foreign currency differences in monetary assets & liabilities		(400,762)	(62,726)
Cash and cash equivalents, beginning of period	**4**	34,651,838	34,088,583
Cash and cash equivalents, end of period	**4**	**35,707,614**	**34,651,838**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

1. INCORPORATION AND 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 the Republic of Trinidad and Tobago (GORTT) and open accounts for and accept deposits from the Central Government, Local Government, statutory bodies, commercial banks and other financial institutions. It also has the authority to make advances, purchase and sell discounted bills of exchange and promissory notes on behalf of the above named institutions, and to purchase and sell foreign currencies and securities of other Governments and international financial institutions.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of preparation

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

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

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

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

- *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*, defines Provisions as liabilities of uncertain timing or amount. The Central Bank Act imposes specific limitations on the scope of the Bank to create reserves and so prepare for certain unforeseen events. The Bank has therefore established Provisions for specific types of transactions and obligations, which would more typically be reflected as various types of reserves under the IFRS. See Note 15.

- IAS 39 – Financial Instruments: Recognition and Measurement, requires that where an asset is classified as available-for-sale, the unrealised gains or losses on fair value movements 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. However, available-for-sale investments held by the subsidiary, CB Services have been treated in accordance with IAS 39.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

- 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 that the Bank maintain a prudential level of confidentiality.

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

b. Changes in accounting policies

- IFRS 13 – Fair Value Measurement has been established as the single source of guidance for fair value measurements and disclosures. The disclosures with respect to fair value have been enhanced in accordance with the new stipulations. The fair value measurement was applied prospectively as at the beginning of the annual period in which it initially applied. Consequently no comparative information was given (See Note 7).

- IAS 19 – Employee Benefits. The Bank has adopted the amendments to IAS 19; therefore actuarial gains and losses would no longer be deferred but recognised immediately in the period in which they occur. Restated prior years' figures have been provided in accordance to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (see Note 8 and 28).

c. Consolidation

The Consolidated Financial Statements comprise the financial statements of the Bank and its subsidiary for the year ended 30 September 2014. The financial statements of the Bank's subsidiary are prepared for the same reporting year as the Bank, using consistent accounting policies with the exception of the revaluation of the available-for-sale investments. All intra-group balances, transactions, income and expenses are eliminated in full.

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

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

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

Extracts of the Parent's Financial Statements are included in Note 30.

d. 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.

ii. Transactions and balances cont'd

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

iii. Special Drawing Rights

Transactions with the International Monetary Fund (IMF) are recorded at the local currency equivalent of Special Drawing Rights using rates notified by the IMF. Special Drawing Rights (SDR) are defined in terms of a basket of currencies. To revalue the Bank's holdings of SDRs, the value of the SDR was calculated as a weighted sum of the exchange rates of four major currencies (the US dollar, euro, Japanese yen and the pound sterling) against the Trinidad and Tobago dollar. The TT:SDR rate as at 30 September 2014 was 0 .103793.

e. 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 judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events.

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

i. Estimated pension and post–employment medical plan

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

ii. Provision for bad and doubtful debts

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

iii. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available,

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

iv. Estimated replacement value of artwork

The estimated replacement value of artwork was primarily based on the valuation of an independent art consultant. The estimated market value was established based on the valuation report of the condition of the artwork.

f. Cash and cash equivalents

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

g. Investment securities

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

The Bank classifies its investment securities in the following four categories: "Held to maturity", "Available-for-sale", "Loans and advances" and "Fair value through profit or loss".

i. Held to maturity

Investments classified as held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank's management has the positive intention and ability to hold to maturity. After initial measurement, held to maturity financial investments are subsequently measured at amortised cost using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Interest on these investments is 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 fair value, (which includes transaction costs), and are subsequently re-measured at fair market value. Unrealised gains and losses on these investments are recognised in Provisions – Revaluation Reserve at 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.

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.

The Bank has investments in several related companies which are accounted for as available-for-sale investments (see Note 6). None of these equity investments have a quoted market price in an active market and therefore their fair value cannot be reliably measured. The cost of these equity investments is therefore considered a reasonable approximation of fair value. The equity investments in Home Mortgage Bank (HMB) and First Citizens Bank Limited (FCB), which were sold during the year, were measured at fair market value based on valuation reports. Unrealised gains or losses on investments held by the Bank are recognised in Provisions (Revaluation Reserve) while the unrealised gains of the investments held by CB Services are recorded in the Fair Value Reserve.

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.

h. Recognition and derecognition of financial instruments

The Bank uses trade date accounting when recording financial asset transactions. Financial assets are derecognised when the contractual right to receive the cashflows from these assets has ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

i. Impairment of financial assets

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

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

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

i. Financial assets carried at amortised cost

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

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

ii. Available-for-sale financial investments

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

In the case of debt instruments classified as available-for-sale, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Statement of Comprehensive Income. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest and other income'.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the Statement of Comprehensive Income, the impairment loss is reversed through the Statement of Comprehensive Income.

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

j. Fair value measurement

The Bank measures certain financial instruments at fair value at each reporting date. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the orderly sale of asset or transfer of liability takes place in the principal market for the

asset or liability. In the absence of a principal market, the most advantageous market for the asset or liability is used as the basis for fair value measurement.

The fair value estimate of an asset or liability is based on the assumptions that market participants would use when pricing the asset or liability, assuming the market participants act in their best economic interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques considered to be appropriate in the circumstances for which sufficient data is available and for which the use of relevant observable inputs are maximised. Valuation techniques include the market approach, the cost approach and the income approach.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the 3 levels of the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement. The levels of the fair value hierarchy are:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets of liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable

Further details on fair value measurement are included in Note 7.

k. Offsetting financial instruments

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

l. Employee benefits

i. Pension Benefits

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

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

An asset or liability 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 any effect of limiting the net defined benefit to the asset ceiling.

The Plan's accounting costs are assessed on the basis of the Projected Unit Credit Method. A valuation is done every three years by independent actuaries. The last triennial valuation was performed as at 30 September 2011 and the valuation as at 30 September 2014 is currently being carried out. This is expected to be completed by 31 January 2015.

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.

The Bank has adopted the amendments to IAS 19; therefore actuarial gains and losses would no longer be deferred but recognised immediately in the period in which they occur. Restated prior year's figures have been provided in accordance with IAS 8 (see Note 8).

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

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

ii. Post-employment medical benefits

The Bank operates a post-employment medical benefit scheme for its retirees, whereby a subsidy is provided for premium due for member only contribution. There is also a cash allowance paid to certain retirees who would not have been eligible at the time the Plan was introduced. The method of accounting, assumptions and the frequency of valuations are similar to those used for the defined benefit pension scheme.

m. 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. Destruction costs/ write offs are recognised in the period when the currency is destroyed. During the year, $13.8 million was expensed in relation to Notes sent for destruction. This destruction cost is included in printing of notes and minting of coins expense.

n. 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.

o. Computer software

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

p. Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Cost includes the purchase price of the assets plus any further cost incurred in bringing the asset to its present condition and location. Capital works-in-progress are recorded at cost but are not depreciated until the asset is available for its intended use. Any 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. All other repairs and maintenance are expensed in the Statement of Comprehensive Income during the financial period in which they were incurred. When an asset is retired or sold, any gain or loss on disposal is recognised in the Statement of Comprehensive Income.

Artwork, which is classified under Fixtures and Fittings, is initially carried at cost. The Bank's Artwork is independently and professionally valuated every three years and is carried at its revalued amount, being its fair value at the date of revaluation. Any increase in the carrying amount as a result of the revaluation is recognised in equity as a provision for revaluation of artwork except to the extent that the increase reverses a revaluation deficit of the Artwork previously recognised in the Statement of Comprehensive Income. The last revaluation was carried out in September 2013.

Depreciation is charged on a straight-line basis and is applied over the estimated useful lives of the assets, as shown below. Land is not depreciated.

Building	-	40 years
Building improvements	-	10 years
Leasehold properties	-	over the period of the lease
Motor vehicles	-	3 years
Machinery and equipment	-	1.5 to 5 years
Computer hardware	-	3 years
Furniture	-	10 years
Fixtures and fittings	-	10 years

q. Taxation

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

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

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

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

r. Provisions

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

s. Gold Reserve

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

t. Subscriptions to International Financial Institutions

The Bank acts as financial agent for the GORTT with international financial institutions (See Note 10). In order to provide a more appropriate presentation, these amounts include the portion of the GORTT's contributions issued to these organisations in the form of Promissory Notes where applicable. These balances are stated at cost once there is no quoted market price in an active market and the fair value cannot be reliably determined. For those that are quoted in an active market, the instrument is carried at fair value based on the closing price at year end.

u. Capital

The entire capital of the Bank is held by the GORTT. Provision is made in Section 34(5) of the Central Bank Act for the Paid-up portion of the authorised capital of the Bank to be increased each year by an amount of not less than 15 percent 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. Currently the Paid up portion of the Authorised Capital of the Bank is equal to the Authorised Capital (see Note 22).

v. 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 percent (10%) 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 2014, the General Reserve Fund increased by $20 million to $767 million (2013: $747 million).

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

w. Transfer of Surplus

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

x. Revenue Recognition

i. Interest income and interest expense

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

ii. Dividend income

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

iii. Other income and expenses

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

y. Comparatives

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

3. FINANCIAL RISK MANAGEMENT

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

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

Credit risk

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

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

Currency risk

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

Interest rate risk

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

Liquidity risk

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

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

4. Cash and cash equivalents

	Sep-14	Sep-13
	$'000	$'000
Currency on hand	9,441	5,852
Balances held with banks	2,655,544	2,594,088
Repurchase agreements	4,009,544	3,946,709
Fixed deposits	27,716,765	27,436,726
Short-term investments	1,316,320	668,463
	35,707,614	**34,651,838**
Represented by:		
Foreign currency - cash and cash equivalents		
Currency on hand	959	-
Balances held with banks	872,834	153,898
Repurchase agreements	4,009,544	3,946,709
Fixed deposits	27,716,765	27,436,726
Short-term investments	1,316,320	668,463
	33,916,422	**32,205,796**
Local currency - cash and cash equivalents		
Cash on hand	8,482	5,852
Balances held with banks	1,782,710	2,440,190
	1,791,192	**2,446,042**
	35,707,614	**34,651,838**

Local currency - balances with banks

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

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

5. Investment securities

	Sep-14 $'000	Restated Sep-13 $'000	Restated Sep-12 $'000
Foreign currency investment securities			
Available for sale	28,577,388	27,435,665	26,594,683
Loans and advances	168,762	228,106	248,052
	28,746,150	**27,663,771**	**26,842,735**
Local currency investment securities			
Available for sale - Local securities	29,588	276,615	82,322
Loans and advances	159,133	171,191	190,361
	188,721	**447,806**	**272,683**
Total investment securities	**28,934,871**	**28,111,577**	**27,115,418**
Available for sale investments			
Foreign currency			
Amortised Cost	28,591,652	27,228,213	25,816,387
Appreciation in Market Value	(267,219)	(171,963)	216,506
Appreciation in Foreign Currency	252,955	379,415	561,791
	28,577,388	**27,435,665**	**26,594,683**
Local currency			
Bonds	25,166	25,193	25,940
Investments in related enterprises (Note 6)	4,422	251,422	56,382
	29,588	**276,615**	**82,322**
Total available for sale investments	**28,606,976**	**27,712,280**	**26,677,005**

Loans and advances	Sep-14 $'000	Restated Sep-13 $'000	Restated Sep-12 $'000
Foreign currency			
Cost	168,762	288,119	308,053
Provision for doubtful debts	-	(60,013)	(60,001)
	168,762	**228,106**	**248,052**
Local currency			
Loans and advances	229,173	241,231	260,402
Provision for doubtful debts	(70,040)	(70,040)	(70,041)
	159,133	**171,191**	**190,361**
Total loans and advances	**327,895**	**399,297**	**438,413**
Total investment securities	**28,934,871**	**28,111,577**	**27,115,418**

The Bank has reassessed local bonds held and based on this reassessment a more appropriate valuation methodology was identified and has been applied retrospectively.

6. Investment in related enterprises

	Sep-14	Sep-13
	$'000	$'000
Cost	4,422	17,822
Appreciation in market value	-	233,600
	4,422	**251,422**

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

	Sep-14	Sep-13
	$'000	$'000
Trinidad and Tobago Unit Trust Corporation	2,500	2,500
Deposit Insurance Corporation	1,000	1,000
Home Mortgage Bank	-	110,000
First Citizens Bank	-	137,000
Trinidad and Tobago Interbank Payments System	922	922
	4,422	**251,422**

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

During the year the Bank finalized the sale of shares held in Home Mortgage Bank and First Citizens Bank Limited.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

7. Fair value of assets and liabilities

a. Fair value hierarchy

The fair value of the Bank's assets and liabilities are analysed by the fair valuation hierarchy below:

Recurring fair value measurement of assets and liabilities

Assets	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Asset-backed Securities:				
Auto Loan Receivable		1,732,708		1,732,708
Credit Card Receivable		1,085,561		1,085,561
Corporate Bonds		3,864,561		3,864,561
Mortgage-backed Securities:				
Federal Home Loan Mortgage Corporation (FHLMC)		266,022		266,022
Federal National Mortgage Association (FNMA)		768,659		768,659
Government National Mortgage Association (GNMA) 1		22,192		22,192
Collateralized Mortgage backed Securities (CMO)		195,332		195,332
Other Mortgages		550,787		550,787
Government Issues	12,736,873	6,892,678		19,629,552
Gold	474,799			474,799
Investment in related enterprises			4,422	4,422
Municipals		12,383		12,383
Total	**13,211,672**	**15,390,882**	**4,422**	**28,606,976**

The Bank had no traded financial liabilities at the reporting date.

Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. Furthermore, the estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgment in interpreting market data and developing estimates. Consequently, the estimates made do not necessarily reflect the amounts that the Bank could realise in a current market exchange.

b. Transfers between Fair Value Hierarchy Levels

IFRS 13 – *Fair Value Measurement* was implemented on 1st October 2013. There were no transfers between the hierarchy levels during the financial year (2013- 2014)

c. Level 1 fair values

Assets and liabilities categorized as Level 1 are those whose values are based on quoted market prices in active markets. No adjustments are made to the quoted price when determining the fair value of these assets.

d. Level 2 fair values

Assets and liabilities categorized as Level 2 are valued based on a compilation of primarily observable market information. This includes broker quotes in a nonactive market, alternative pricing sources supported by observable inputs and investments in securities with fair values obtained via fund managers.

e. Level 3 fair values

The Bank's investments in several related companies are accounted for as available-for-sale investments (see Note 6). However, none of these equity investments has a quoted market price in an active market and therefore their fair value cannot be reliably measured. The cost of these equity investments is therefore considered a reasonable approximation of fair value.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

8. Retirement benefit asset

	Sep-14 $'000	Restated Sep-13 $'000	Restated Sep-12 $'000
Consolidated statement of financial position obligations for:			
- Pension plan	297,799	219,666	249,000
- Post-retirement medical plan	(21,550)	(24,390)	(27,337)
	276,249	**195,276**	**221,663**

a) Pension plan

	Sep-14 $'000	Restated Sep-13 $'000	Restated Sep-12 $'000
Defined benefit obligation	(541,319)	(595,196)	(502,141)
Fair value of assets	839,118	814,862	751,141
IAS 19 net defined asset	**297,799**	**219,666**	**249,000**
Reconciliation of opening and closing defined benefit assets			
Define benefit asset at prior year end	(219,666)	(249,000)	(236,076)
Unregonised Gains			7,568
Opening defined benefit asset	(219,666)	(249,000)	(228,508)
(Decrease)/Increase in pension asset			
Pension cost	13,637	4,069	6,098
Re-measurements of net define benefit (asset)/liability	(86,407)	30,227	(22,624)
Bank contribution paid	(5,363)	(4,962)	(3,966)
	(78,133)	29,334	(20,492)
Closing defined benefit asset	**(297,799)**	**(219,666)**	**(249,000)**
Amounts recognised in the earnings statement			
Current service cost	23,790	17,116	14,638
Net Interest on net defined benefit asset	(11,222)	(13,940)	(14,162)
Past service cost			5,622
Expense allowance	1,069	893	
Net pension cost	**13,637**	**4,069**	**6,098**
Re-measurements of net defined benefit asset/liability			
Experience (gains)/ losses	(86,407)	30,227	(15,056)

8. Retirement benefit asset – cont'd

	Sep-14 $'000	Restated Sep-13 $'000	Restated Sep-12 $'000
Actuarial assumptions			
Discount rate	6.00%	5.00%	5.50%
Expected return on plan assets	n/a	n/a	5.50%
Projected future rate of salary increase	5.16%	5.16%	5.16%
Value of pension scheme asset	Based on Market Value at Balance Sheet Date		

b) Post-Employment Medical Plan

	Sep-14 $'000	Restated Sep-13 $'000	Restated Sep-12 $'000
Defined benefit obligation	(21,550)	(24,390)	(27,337)
Fair value of assets		-	-
	(21,550)	(24,390)	(27,337)
Unrecognised gain		-	-
IAS 19 net defined obligation	**(21,550)**	**(24,390)**	**(27,337)**
Reconciliation of opening and closing defined benefit liability			
Defined benefit liability	(24,390)	(27,337)	(25,481)
Unrecognised loss	-	-	(324)
Opening defined benefit asset	(24,390)	(27,337)	(25,805)
(Decrease)/Increase in plan			
Pension cost	(2,633)	(2,807)	(3,114)
Re-measurements of net define benefit asset/liability	5,023	5,496	1,085
Bank contribution paid	450	258	497
	2,840	2,947	(1,532)
Closing defined benefit liability	**(21,550)**	**(24,390)**	**(27,337)**
Amounts recognised in the earnings statement			
Current service cost	(1,422)	(1,313)	(1,511)
Interest on defined benefit obligation	(1,211)	(1,494)	(1,603)
Net pension cost	**(2,633)**	**(2,807)**	**(3,114)**

Return on plan assets: The plan holds no assets

	Sep-14	Restated Sep-13	Restated Sep-12
Actuarial assumptions			
Medical cost increases	5.00%	5.00%	5.00%

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

9. Accounts receivable and prepaid expenses

	Sep-14 $'000	Sep-13 $'000
Foreign receivables		
Trade receivables - investments sold	5,901,435	4,395,840
Foreign interest receivable	94,952	66,513
Other receivables	3,611	2,444
	5,999,998	**4,464,797**
Accounts receivable and prepaid expenses		
Interest receivable on domestic investments	57,494	57,495
Amounts recoverable from CLF/GORTT (Note 25)	2,123,625	2,109,564
Other receivables	18,381	16,066
Prepayments	9,596	7,463
Suspense accounts- pending transfers	31	246,161
Value added tax	53	175
	2,209,180	**2,436,924**

10. Subscriptions to International Financial Institutions

	Sep-14 $'000	Sep-13 $'000
Banco Latino Americano De Exportaciones	31,334	25,696
Caribbean Development Bank	8,194	8,194
Caribbean Information and Credit Rating Services Ltd	1,668	1,684
Inter-American Development Bank	6,694	6,694
International Bank for Reconstruction and Development	113,054	113,162
International Development Association	5,558	5,567
International Finance Corporation	333	333
International Monetary Fund	3,233,359	3,257,052
	3,400,194	**3,418,382**

The holdings in Banco Latino Americano De Exportaciones (Bladex) are based on a quoted market price off the New York Stock Exchange of US$30.68/share as at 30 September 2014.

Subsequent to year end the Bank subscribed to Series C shares of Common Capital Stock of Corporacion Andina de Fomento (CAF) at a cost of $684.3 million. CAF is a development bank comprised of various countries and banks from Latin American, Caribbean and Europe.

11. Other assets

	Sep-14	Sep-13
	$'000	$'000
Lease asset	130,447	142,127
Stock of notes and coins	129,889	102,583
Consumables	1,543	1,406
	261,879	**246,116**

Lease asset

In 1995 the Bank entered into a thirty-year finance lease agreement with the GORTT for the purchase of the Ministry of Finance Building with a rate of interest of 2%.

	Sep-14	Sep-13
	$'000	$'000
Present value of the minimum lease payments	**130,447**	**142,127**
Broken out as follows:		
Not later than one year	11,913	11,680
Later than one year and not later than five years	50,084	49,102
Later than five years	68,450	81,345
Present value of the minimum lease payments	**130,447**	**142,127**

	Sep-14	Sep-13
	$'000	$'000
Unearned Finance Income	**14,775**	**17,618**
Broken out as follows:		
Not later than one year	2,609	2,843
Later than one year and not later than five years	8,005	8,987
Later than five years	4,161	5,788
Unearned Finance Income	**14,775**	**17,618**

Stock of notes and coins

	Sep-14	Sep-13
	$'000	$'000
Notes	94,381	81,155
Coins	35,508	21,428
	129,889	**102,583**

During the year, the total of $13.8 million was expensed in relation to Notes sent for destruction.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

12. Property, plant and equipment

	Land & Building	Leasehold Property	Machinery & Equipment	Computer Equipment	Furniture, Fixture & Fittings	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 30 September 2013							
Net book value							
Balance b/fwd 01 Oct 2012	142,165	7,905	19,640	14,246	28,682	6,970	219,608
Transfers	3,758	-	450	1,172	12	(5,392)	-
Additions	1,959	-	6,012	2,521	850	10,272	21,614
Disposals	-	-	(149)	(7)	(14)	-	(170)
Revaluation adjustment	-	-	-	-	772	-	772
Depreciation for the year	(14,854)	(7)	(8,103)	(6,208)	(3,185)	-	(32,357)
Balance c/fwd	133,028	7,898	17,850	11,724	27,118	11,850	209,468
Represented by:							
Cost	414,942	8,134	106,756	79,179	52,248	11,850	673,109
Accumulated depreciation	(281,914)	(236)	(88,906)	(67,455)	(25,130)	-	(463,641)
	133,028	7,898	17,850	11,724	27,118	11,850	209,468

	Land & Building	Leasehold Property	Machinery & Equipment	Computer Equipment	Furniture, Fixture & Fittings	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 30 September 2014							
Net book value							
Balance b/fwd 01 Oct 2013	133,028	7,898	17,850	11,724	27,118	11,850	209,468
Transfers	21,504	2,789	2,072	3,588	1,202	(31,155)	-
Reclassification of assets	-	-			-	-	-
Additions	173	-	8,928	7,424	5,392	21,559	43,476
Disposals	-	-	(520)	(197)	(26)	-	(743)
Revaluation adjustment	-	-	-	-	1,105	-	1,105
Depreciation for the year	(14,551)	(8)	(8,387)	(6,653)	(3,536)	-	(33,135)
Balance c/fwd	140,154	10,679	19,943	15,886	31,255	2,254	220,171
Represented by:							
Cost	436,620	10,923	116,068	89,792	59,265	2,254	714,922
Accumulated depreciation	(296,466)	(244)	(96,125)	(73,906)	(28,010)	-	(494,751)
	140,154	10,679	19,943	15,886	31,255	2,254	220,171

13. Demand liabilities

Demand liabilities - foreign	Sep-14 $'000	Sep-13 $'000
Foreign deposits	5,396	7,226
Government special accounts	222,234	190,542
	227,630	**197,768**

Demand liabilities - local	Sep-14 $'000	Sep-13 $'000
Notes in circulation	7,211,972	6,372,387
Coins in circulation	206,632	195,727
Deposits by commercial banks	26,159,804	27,075,750
Deposits by non-banking financial institutions	393,373	337,294
Statutory deposits - insurance companies	49,417	32,687
Deposits by government and government agencies	(2,585,589)	(4,474,170)
Deposits by other current accounts	3,388,782	4,567,241
Deposits by regional and international institutions	36,740	36,533
	34,861,131	**34,143,449**

Deposits by financial institutions

The statutory cash reserves for commercial banks and non-bank financial institutions remained unchanged at 17% and 9% of their prescribed liabilities, respectively. The required reserve balances held by commercial banks increased by 11% as at September 2014 while requirements for non-banks also increased by 23%. This was as a result of their higher prescribed liabilities during the period under review. In addition to the statutory cash reserve, the commercial banks continued to hold a secondary reserve of 2% of their prescribed liabilities. A fixed rate of interest of 0.25% is paid on these holdings.

As part of the Central Bank's monetary policy to absorb excess liquidity, commercial banks continued to hold special deposits at the Central Bank. As at 30 September 2014, there were four one-year deposits as follows:-

- A deposit of $2.0 billion which matures on 31 October 2014
- A deposit of $1.5 billion which matures on 29 December 2014
- A special fixed deposit of $1.5 billion which matures on 13 March 2015
- A special fixed deposit of $1 billion which matures on 1 May 2015.

Interest paid to commercial banks on these fixed deposits during the fiscal year amounted to $15.3 million.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

14. Accounts payable

Accounts payable - Foreign	Sep-14 $'000	Sep-13 $'000
Bilateral accounts	25	612
Pending Trades - investments purchased	6,713,673	4,575,165
Other payables	16,068	20,257
	6,729,766	**4,596,034**

Accounts payable - Local	Sep-14 $'000	Sep-13 $'000
Trade payables and accrued charges	59,941	60,995
Interest payable	26,611	40,974
Unclaimed monies	13,993	11,541
Government special accounts	145,152	133,059
Blocked accounts	26,054,652	24,754,947
Promissory Notes due to First Citizens Bank Ltd. (Note 25)	1,873,867	1,882,450
Other payables	31,912	51,935
	28,206,128	**26,935,901**

15. Provisions

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

Provisions	Sep-14 $'000	Restated Sep-13 $'000	Restated Sep-12 $'000
Gold reserve	276,189	328,423	505,402
Foreign currency exchange rate reserves	4,155,413	4,899,914	4,901,301
Pension reserve	276,249	195,276	221,663
Revaluation reserve on investments	(47,347)	(79,793)	210,775
	4,660,504	**5,343,820**	**5,839,141**

16. Income from foreign currency assets

	Sep-14 $'000	Sep-13 $'000
Interest and other income		
Interest on United States Dollar balances & securities	324,540	320,106
Interest on Sterling balances & securities	1,373	1,241
Interest on other foreign balances & securities	2,222	1,064
Other income	1,385	1,228
	329,520	**323,639**
Investment expenses	**(25,750)**	**(24,669)**
Loss from currency translations	**(33,088)**	**(12,039)**
Net loss realised on disposal and amoritisation of investment		
Gains realised on disposal of investments	**17,239**	**321,865**
Losses realised on disposal of investments	**(269,249)**	**(178,406)**
	(252,010)	**143,459**

17. Income from local currency assets

	Sep-14 $'000	Sep-13 $'000
Interest Income		
Loans	501,279	456,009
Other investments	9,676	9,187
	510,955	**465,196**
Other Income		
General earnings	1,604	9,383
Income from International Monetary Fund	1,010	672
Dividends	11,532	6,072
Fees charged to financial institutions	48,235	40,422
Profit on sale of assets	143	694
Heritage and Stabilisation Fund management fees	10,448	9,459
Profit on sale of investments in related entities	233,600	-
Other	1,299	1,773
	307,871	**68,474**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

18. Other operating expenses

	Sep-14 $'000	Sep-13 $'000
Other operating expenses include:		
Advertising and public relations	4,683	3,224
Computer expenses	13,301	18,716
Library expenses	2,915	2,570
Electricity	4,158	4,269
Insurance	2,614	2,665
Telephone	5,038	3,771
Loss on disposal of assets	17	14
Maintenance cost	29,253	21,704
Printing and stationery	3,282	4,285
CL Financial expenses (Note 25)	981	23,844
Loss on sale of investment in related parties	7,600	16
Professional fees	6,654	3,171
50th Anniversary expenses	9,280	-
Other expenses	12,581	8,124
	102,358	**96,373**

19. Taxation

	Sep-14 $'000	Sep-13 $'000
Net surplus before taxation	329,888	437,710
Corporation tax @ 25%	82,472	109,427
Income/expenses not subject to tax	(82,472)	(109,427)
Business levy	-	-
Tax charge	-	-

20. Capital Commitments

There was $3.3 million in outstanding commitments for capital expenditure as at 30 September 2014 (30 September 2013 -$15.3 million)

21. Leasehold obligations – operating leases

a. Operating leases where the Bank is the lessor

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

b. Operating leases where the Bank is the lessee

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

22. Capital

	Sep-14 $'000	Sep-13 $'000
Authorised capital	800,000	800,000
Paid-up capital	800,000	800,000

23. Fair Value Reserve

	Sep-14 $'000	Sep-13 $'000
Revaluation of available for sale investments	-	126,000

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

24. Related Party Transactions

a. Government of the Republic of Trinidad and Tobago

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

	Sep-14 $'000	Sep-13 $'000
Interest income from investments	501,943	456,698
Interest expense	50,630	82,668
Assets		
Local currency investment securities	20,759	20,407
Liabilities		
Demand liabilities - foreign	222,234	190,542
Demand liabilities - local	(1,338,391)	(3,353,168)
Accounts payable	26,093,442	24,781,644

b. Related Enterprises

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

	Sep-14 $'000	Sep-13 $'000
Income		
Dividend income	4,572	4,452
Rental income	944	720
Other income	148	151
	5,664	**5,323**
Expenditure		
Salaries and related expenditure	1,573	1,076
Other expenses	-	-
	1,573	**1,076**
Ending period balances		
Investments in related enterprises	4,422	251,422
Receivables from related enterprises	486	382
Payables to related enterprises	2,388	24,488

c. **Key Management Compensation**

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

	Sep-14 $'000	Sep-13 $'000
Short-term employee benefits	61,787	46,183
Directors' Fees	992	1,491

25. CL Financial Group Matter

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

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

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

	Sep-14 $'000	Sep-13 $'000
Assets		
Amounts recoverable from CLF/GORTT	**2,123,625**	**2,109,564**
Liabilities		
Promissory Notes due to First Citizens Bank Limited	**1,873,867**	**1,882,450**

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

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

Legal, consultancy and other costs incurred in relation to all CLF matters have been disclosed in Note 18.

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

Subsequent to the year end (October 2014), the Bank working with the GORTT facilitated the sale of certain assets held by the CLF Group. As a result of this transaction, the Government's deposits in its blocked accounts at the Central Bank increased by approximately $7.5 billion, representing the proceeds of a Treasury Bill that was issued to manage liquidity.

26. Contingent Liabilities

The Bank is currently involved in claims and counterclaims arising from the conduct of its business. Based on the facts currently available to the Bank, it can be concluded that the outcome of these matters would not have a material adverse effect on the position of the Bank.

27. Subsequent Events

There were two transactions entered into after the year end which related to significant non-adjusting post balance sheet events. These have been disclosed further in Note 10 and Note 25.

28. Prior period restatements

The following prior period restatements were made in the current year:

a. The Bank adopted IAS 19, Employee Benefits Revised which required retrospective application. The Retirement Benefit Asset has been restated to comply with the requirements of the standard. Further details are provided below as well as in Note 8.

In addition, the Bank does not recognise unrealised gains and losses through the Income Statement due to the requirements of the Central Bank Act. As a result, adjustments to the Retirement Benefit Asset are offset against the Provision account to eliminate the impact on the Net Surplus. Therefore, the Provision for the respective years has also been restated accordingly. Further details are included below and in Note 15.

	Previously reported Sep-13 $'000	Restated Sep-13 $'000	Adjustment Sep-13 $'000
ASSETS			
Local currency assets			
Retirement benefit asset	204,190	195,276	(8,914)
Net assets	**204,190**	**195,276**	**(8,914)**

	Previously reported Sep-12 $'000	Restated Sep-12 $'000	Adjustment Sep-12 $'000
ASSETS			
Local currency assets			
Retirement benefit asset	205,846	221,663	15,817
Net assets	**205,846**	**221,663**	**15,817**

	Previously reported Sep-13 $'000	Restated Sep-13 $'000	Adjustment Sep-13 $'000
EXPENSES			
Operating Expenses			
Salaries and related expenses	184,648	193,562	8,914
	184,648	**193,562**	**8,914**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

28. Prior period restatements - cont'd

b. The Bank has restated its bonds held under local currency available for sale securities to reflect a more appropriate fair value methodology. See below and Note 5 for further details:

	Previously reported Sep-13 $'000	Restated Sep-13 $'000	Adjustment Sep-13 $'000
ASSETS			
Local currency assets			
Local currency investment securities	443,021	447,806	4,785
Net assets	**443,021**	**447,806**	**4,785**

	Previously reported Sep-12 $'000	Restated Sep-12 $'000	Adjustment Sep-12 $'000
ASSETS			
Local currency assets			
Local currency investment securities	268,214	272,683	4,469
Net assets	**268,214**	**272,683**	**4,469**

c. The Provisions would have been restated as a result of these two items as follows:

	Previously reported Sep-13 $'000	Restated Sep-13 $'000	Adjustment Sep-13 $'000
LIABILITIES			
Local currency liabilities			
Provisions	5,347,949	5,343,820	(4,129)
Net liabilities	**5,347,949**	**5,343,820**	**(4,129)**

	Previously reported Sep-12 $'000	Restated Sep-12 $'000	Adjustment Sep-12 $'000
LIABILITIES			
Local currency liabilities			
Provisions	5,818,855	5,839,141	20,286
Net liabilities	**5,818,855**	**5,839,141**	**20,286**

29. Statement of Financial Position-Current/Non-Current distinction

	Sep-14		
	Current	Non-Current	Total
ASSETS	$'000	$'000	$'000
Foreign currency assets			
Foreign currency cash and cash equivalents	33,916,422	-	33,916,422
Foreign currency investment securities	14,345,437	14,400,713	28,746,150
Foreign receivables	5,999,998	-	5,999,998
Subscriptions to international financial institutions	-	3,400,194	3,400,194
International Monetary Fund - Holdings of Special Drawing Rights	-	2,656,812	2,656,812
	54,261,857	**20,457,719**	**74,719,576**
Local currency assets			
Local currency cash and cash equivalents	1,791,192	-	1,791,192
Local currency investment securities	6,731	181,990	188,721
Retirement benefit asset	-	276,249	276,249
Accounts receivable and prepaid expenses	39,903	2,169,277	2,209,180
Other assets	1,543	260,336	261,879
Property, plant and equipment	-	220,171	220,171
	1,839,369	**3,108,021**	**4,947,392**
TOTAL ASSETS	**56,101,227**	**23,565,740**	**79,666,968**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	227,630	-	227,630
International Monetary Fund - Allocation of Special Drawing Rights	-	3,093,995	3,093,995
Accounts payable	6,729,766	-	6,729,766
	6,957,396	**3,093,995**	**10,051,391**
Local currency liabilities			
Demand liabilities - local	34,861,131	-	34,861,131
Accounts payable	1,986,155	26,219,973	28,206,128
Provision for transfer of surplus to government	177,364	-	177,364
Provisions	-	4,660,504	4,660,504
	37,024,648	**30,880,477**	**67,905,127**
CAPITAL AND RESERVES			
Capital	-	800,000	800,000
General Reserve	-	766,279	766,279
Fair Value Reserve		-	-
Retained Earnings	-	144,171	144,171
	-	**1,710,450**	**1,710,450**
TOTAL LIABILITIES, CAPITAL AND RESERVES	**43,982,044**	**35,684,922**	**79,666,968**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

29. Statement of Financial Position-Current/Non-Current distinction cont'd

		Restated Sep-13	
	Current	Non-Current	Total
ASSETS	**$'000**	**$'000**	**$'000**
Foreign currency assets			
Foreign currency cash and cash equivalents	32,205,796	-	32,205,796
Foreign currency investment securities	14,809,018	12,854,753	27,663,771
Foreign receivables	4,464,797	-	4,464,797
Subscriptions to international financial institutions	-	3,418,382	3,418,382
International Monetary Fund - Holdings of Special Drawing Rights	-	2,675,735	2,675,735
	51,479,611	**18,948,870**	**70,428,481**
Local currency assets			
Local currency cash and cash equivalents	2,446,042	-	2,446,042
Local currency investment securities	74,361	373,445	447,806
Retirement benefit asset	-	195,276	195,276
Accounts receivable and prepaid expenses	2,423,833	13,091	2,436,924
Other assets	1,346	244,770	246,116
Property, plant and equipment	-	209,468	209,468
	4,945,582	**1,036,050**	**5,981,632**
TOTAL ASSETS	**56,425,193**	**19,984,920**	**76,410,113**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	197,768	-	197,768
International Monetary Fund - Allocation of Special Drawing Rights	-	3,116,665	3,116,665
Accounts payable	4,596,034	-	4,596,034
	4,793,802	**3,116,665**	**7,910,467**
Local currency liabilities			
Demand liabilities - local	34,143,449	-	34,143,449
Accounts payable	2,028,937	24,906,964	26,935,901
Provision for transfer of surplus to government	392,550	-	392,550
Provisions	-	5,343,820	5,343,820
	36,564,936	**30,250,783**	**66,815,720**
CAPITAL AND RESERVES			
Capital	-	800,000	800,000
General Reserve	-	746,572	746,572
Fair Value Reserve		126,000	126,000
Retained Earnings	-	11,354	11,354
	-	**1,683,926**	**1,683,926**
TOTAL LIABILITIES, CAPITAL AND RESERVES	**41,358,738**	**35,051,375**	**76,410,113**

29. Statement of Financial Position-Current/Non-Current distinction cont'd

	Restated Sep-12		
	Current	Non-Current	Total
ASSETS	**$'000**	**$'000**	**$'000**
Foreign currency assets			
Foreign currency cash and cash equivalents	32,372,487	-	32,372,487
Foreign currency investment securities	7,460,997	19,381,738	26,842,735
Foreign receivables	6,007,948	-	6,007,948
Subscriptions to international financial institutions	-	3,414,035	3,414,035
International Monetary Fund - Holdings of Special Drawing Rights	-	2,674,246	2,674,246
	45,841,432	**25,470,019**	**71,311,451**
Local currency assets			
Local currency cash and cash equivalents	1,716,096	-	1,716,096
Local currency investment securities	5,392	267,291	272,683
Retirement benefit asset	-	221,663	221,663
Accounts receivable and prepaid expenses	2,151,368	14,643	2,166,011
Other assets	1,597	269,594	271,191
Property, plant and equipment	-	219,608	219,608
	3,874,453	**972,513**	**4,867,252**
TOTAL ASSETS	**49,715,885**	**26,442,532**	**76,178,703**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	197,433	-	197,433
International Monetary Fund - Allocation of Special Drawing Rights	-	3,115,305	3,115,305
Accounts payable	6,095,922	-	6,095,922
	6,293,355	**3,115,305**	**9,408,660**
Local currency liabilities			
Demand liabilities - local	33,802,701	-	33,802,701
Accounts payable	2,005,148	23,054,955	25,060,103
Provision for transfer of surplus to government	555,332	-	555,332
Provisions	-	5,839,141	5,839,141
	36,363,181	**28,873,810**	**65,257,277**
CAPITAL AND RESERVES			
Capital	-	800,000	800,000
General Reserve	-	702,955	702,955
Retained Earnings	-	9,811	9,811
	-	**1,512,766**	**1,512,766**
TOTAL LIABILITIES, CAPITAL AND RESERVES	**42,656,536**	**33,501,881**	**76,178,703**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

30. Parent

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

Statement of Financial Position
As at 30 September 2014

	Sep-14	Restated Sep-13	Restated Sep-12
ASSETS	**$'000**	**$'000**	**$'000**
Foreign currency assets			
Foreign currency cash and cash equivalents	33,916,422	32,205,796	32,372,487
Foreign currency investment securities	28,746,150	27,663,771	26,842,735
Foreign receivables	5,999,998	4,464,797	6,007,948
Subscriptions to international financial institutions	3,400,194	3,418,382	3,414,035
International Monetary Fund - Holdings of Special Drawing Rights	2,656,812	2,675,735	2,674,246
	74,719,576	**70,428,481**	**71,311,451**
Local currency assets			
Local currency cash and cash equivalents	1,791,192	2,446,042	1,716,096
Local currency investment securities	188,721	315,806	266,683
Retirement benefit asset	276,249	195,276	221,663
Accounts receivable and prepaid expenses	2,209,429	2,437,030	2,166,040
Other assets	261,879	246,116	271,191
Property, plant and equipment	220,171	209,468	219,608
	4,947,641	**5,849,738**	**4,861,281**
TOTAL ASSETS	**79,667,217**	**76,278,219**	**76,172,732**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	227,630	197,768	197,433
International Monetary Fund - Allocation of Special Drawing Rights	3,093,995	3,116,665	3,115,305
Accounts payable	6,729,766	4,596,034	6,095,922
	10,051,391	**7,910,467**	**9,408,660**
Local currency liabilities			
Demand liabilities - local	34,861,131	34,143,449	33,802,701
Accounts payable	28,350,548	26,941,361	25,063,943
Provision for transfer of surplus to government	177,364	392,550	555,332
Provisions	4,660,504	5,343,820	5,839,141
	68,049,547	**66,821,180**	**65,261,117**
CAPITAL AND RESERVES			
Capital	800,000	800,000	800,000
General Reserve	766,279	746,572	702,955
	1,566,279	**1,546,572**	**1,502,955**
TOTAL LIABILITIES, CAPITAL AND RESERVES	**79,667,217**	**76,278,219**	**76,172,732**

30. Parent cont'd

Statement of Comprehensive Income
For the year ended 30 September 2014

	Sep-14	Restated Sep-13
Income from foreign currency assets	**$'000**	**$'000**
Interest and other income	329,520	323,639
Investment expense	(25,750)	(24,669)
	303,770	298,970
Loss from currency translations	(33,088)	(12,039)
Net (loss)/gains realised on disposal and amortisation of investments	(252,010)	143,459
	18,672	**430,390**
Income from local currency assets		
Interest income	510,955	465,196
Rental income	3,053	1,980
Other income	174,911	66,854
	688,919	**534,030**
Decrease in provisions	-	2,267
Total income	**707,591**	**966,687**
Operating expenses		
Printing of notes and minting of coins	89,933	77,391
Salaries and related expenses	135,391	193,562
Interest paid	81,395	129,427
Directors' fees	992	1,487
Depreciation	33,135	32,357
Other operating expenses	102,215	96,296
Increase in provisions	67,459	-
Total operating expenses	**510,520**	**530,520**
Net surplus for the period	**197,071**	**436,167**
Total comprehensive income for the period	**197,071**	**436,167**

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2014 *(Expressed in Trinidad & Tobago Dollars)*

30. Parent cont'd

Statement of Changes in Equity
For the year ended 30 September 2014

	Issued and Fully Paid Up Capital	General Reserves	Retained Earnings	Total
	$'000	$'000	$'000	$'000
Balance as at 1 October 2012	800,000	702,955	-	1,502,955
Net surplus for the period	-	-	436,167	436,167
Transfer of surplus to Consolidated Fund	-	-	(392,550)	(392,550)
Transfer to General Reserve	-	43,617	(43,617)	-
Balance as at 30 September 2013 (Restated)	800,000	746,572	-	1,672,572
Balance as at 1 October 2013	800,000	746,572	-	1,546,572
Net surplus for the period	-	-	197,071	197,071
Transfer of surplus to Consolidated Fund	-	-	(177,364)	(177,364)
				-
Transfer to general reserve	-	19,707	(19,707)	-
Balance as at 30 September 2014	800,000	766,279	-	1,566,279

30. Parent cont'd

Statement of Cash Flows
For the year ended 30 September 2014

	Sep-14	Restated Sep-13
Cash flows from operating activities	**$'000**	**$'000**
Net surplus for the year before taxation	197,071	436,167
Adjustments for:		
Depreciation	33,135	32,357
Net gain on disposal of fixed assets	(126)	(680)
Interest income	(840,475)	(788,835)
Interest expense	81,395	129,427
Dividend income	(4,572)	(4,452)
Provisions	**67,459**	**(2,267)**
Revaluation of Artwork	(1,105)	(772)
Cash outflow before changes in operating assets and liabilities	**(467,217)**	**(199,055)**
Changes in operating assets and liabilities		
(Increase)/Decrease in accounts receivable & prepaid expenses	(1,265,647)	1,257,228
(Increase)/Decrease in other assets	(27,443)	13,623
(Increase)/Decrease in pension asset	(80,973)	10,570
Increase in accounts payable and other liabilities	4,304,826	693,663
Net cash flow from operations	**2,463,546**	**1,776,029**
Cash flows from investing activities		
Purchase of property, plant and equipment	(43,476)	(21,614)
Proceeds from sale of property, plant and equipment	869	850
Net purchase of investments	(1,372,037)	(1,319,828)
Net repayment of loans and advances	71,402	39,116
Interest received	812,037	795,463
Dividends received	4,572	4,452
Interest paid	(95,758)	(104,478)
Net (increase) in International Monetary Fund Holding of Special Drawing Rights and Allocation account	(3,747)	(128)
Payment to Consolidated Fund	(392,550)	(555,332)
Net cash flow used in investing activities	**(1,018,688)**	**(1,161,499)**
Cash flows from financing activities		
Lease payment	11,680	11,451
Net cash flow from financing activities	**11,680**	**11,451**
Net increase in cash and cash equivalents	1,456,538	625,981
Foreign currency differences in monetary assets & liabilities	(400,762)	(62,726)
Cash and cash equivalents, beginning of period	34,651,838	34,088,583
Cash and cash equivalents, end of period	**35,707,614**	**34,651,838**

APPENDICES

2013-2014

TABLE A.1
CURRENCY IN CIRCULATION
2010 - 2014

(Dollars Thousands)

End of Month	Notes (Old TT)	Notes (Republic)	Total Notes in Circulation	Coins	Total Currency in Circulation
Sep-10	19,044	4,543,137	4,562,181	166,862	4,729,043
Sep-11	19,043	4,998,895	5,017,938	175,127	5,193,065
Sep-12	19,044	5,622,561	5,641,605	184,517	5,826,122
Sep-13	19,044	6,347,514	6,366,558	195,715	6,562,273
Oct-13	19,044	6,432,213	6,451,257	197,065	6,648,322
Nov-13	19,044	6,600,078	6,619,122	198,243	6,817,365
Dec-13	19,044	7,203,758	7,222,802	199,298	7,422,100
Jan-14	19,044	6,567,301	6,586,345	199,750	6,786,095
Feb-14	19,044	6,920,455	6,939,499	200,408	7,139,907
Mar-14	19,044	6,810,329	6,829,373	201,067	7,030,440
Apr-14	19,044	6,865,362	6,884,406	201,922	7,086,328
May-14	19,044	6,874,689	6,893,733	202,758	7,096,491
Jun-14	19,044	6,916,619	6,935,663	203,724	7,139,387
Jul-14	19,044	7,092,718	7,111,762	204,694	7,316,456
Aug-14	19,044	7,046,220	7,065,264	205,657	7,270,921
Sep-14	19,044	7,184,466	7,203,510	206,619	7,410,129

Source: Central Bank of Trinidad and Tobago

TABLE A.2
CENTRAL BANK STATEMENT OF LIABILITIES AND ASSETS
2012 - 2014
(TT Dollars Thousands)

	LIABILITIES								ASSETS							
		DEPOSITS							EXTERNAL ASSETS							
End of Month	Currency in Circulation Total	Commercial Banks	Non-Bank Financial Instiutions	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 Asset	Total Assets
2012/13																
OCTOBER	5,915,998	20,947,042	313,932	4,528,935	3,115,305	35,593,407	1,502,955	71,917,574	31,132,269	27,583,278	3,255,629	158,771	2,674,246	262,108	6,851,273	71,917,574
NOVEMBER	5,982,920	21,723,833	312,757	2,416,892	3,115,305	36,622,323	1,502,955	71,676,985	30,210,765	27,623,595	3,255,629	157,835	2,674,341	261,596	7,493,224	71,676,985
DECEMBER	6,656,998	22,144,969	317,015	2,027,890	3,115,305	35,820,272	1,502,955	71,585,404	30,582,134	27,406,156	3,255,629	157,652	2,674,341	261,061	7,248,431	71,585,404
JANUARY	6,110,554	23,172,897	322,162	1,338,509	3,115,305	36,278,445	1,502,955	71,840,827	29,837,966	27,737,613	3,255,629	159,420	2,674,341	285,113	7,890,745	71,840,827
FEBRUARY	6,138,062	23,711,570	324,817	649,240	3,115,305	36,087,105	1,502,955	71,529,054	29,445,581	27,913,790	3,255,629	160,342	2,674,398	269,611	7,809,703	71,529,054
MARCH	6,420,327	24,238,468	323,156	571,763	3,115,305	37,451,895	1,502,955	73,623,869	30,753,037	27,977,197	3,255,629	161,084	2,674,398	252,292	8,550,232	73,623,869
APRIL	6,294,421	24,291,922	324,330	1,224,785	3,095,814	36,442,100	1,502,955	73,176,327	30,414,151	28,562,658	3,235,260	158,990	2,657,649	252,196	7,895,423	73,176,327
MAY	6,544,316	24,250,209	325,513	232,261	3,119,753	42,200,894	1,502,955	78,175,901	30,271,904	34,035,080	3,260,278	159,238	2,678,298	251,628	7,519,475	78,175,901
JUNE	6,349,615	25,404,753	323,841	(45,384)	3,119,753	42,592,964	1,502,955	79,248,497	31,426,644	29,382,179	3,260,278	158,749	2,678,298	251,344	12,091,005	79,248,497
JULY	6,540,674	24,630,239	325,118	(83,025)	3,116,665	37,215,594	1,502,955	73,248,220	29,916,754	29,097,862	3,257,051	161,533	2,675,646	251,154	7,888,220	73,248,220
AUGUST	6,536,367	25,657,197	325,613	(1,926,602)	3,116,665	38,109,163	1,502,955	73,321,358	29,439,644	29,274,131	3,257,051	160,475	2,675,735	251,219	8,263,103	73,321,358
SEPTEMBER	6,568,114	27,075,750	337,294	129,603	3,116,665	37,504,221	1,546,572	76,278,219	32,205,796	27,663,772	3,257,051	161,331	2,675,735	315,805	9,998,729	76,278,219
2012/14																
OCTOBER	6,654,760	26,714,196	344,055	(2,656,958)	3,116,665	38,241,770	1,546,572	73,961,060	32,787,915	26,979,264	3,257,051	162,749	2,675,735	311,162	7,787,184	73,961,060
NOVEMBER	6,824,341	26,546,587	349,222	(3,075,066)	3,161,213	36,833,634	1,546,572	72,186,503	31,409,656	27,304,230	3,303,605	163,155	2,714,089	311,443	6,980,325	72,186,503
DECEMBER	7,428,677	26,094,751	344,243	1,221,236	3,161,213	37,612,646	1,546,572	77,409,338	35,724,424	28,378,036	3,303,605	164,655	2,714,089	311,917	6,812,612	77,409,338
JANUARY	6,793,250	25,958,564	347,095	1,804,871	3,161,213	37,759,653	1,546,572	77,371,218	34,797,170	28,297,820	3,303,605	161,763	2,714,089	316,811	7,779,960	77,371,218
FEBRUARY	7,145,732	26,236,727	347,056	837,241	3,161,213	38,281,640	1,546,572	77,556,181	34,403,130	28,653,375	3,303,605	161,955	2,714,230	328,157	7,991,729	77,556,181
MARCH	7,037,855	27,356,945	343,200	923,349	3,161,213	40,585,350	1,546,572	80,954,484	36,760,011	28,070,291	3,303,605	162,975	2,714,230	311,473	9,631,899	80,954,484
APRIL	7,094,287	27,828,461	346,837	(440,867)	3,202,702	39,759,788	1,546,572	79,337,780	36,621,204	28,016,447	3,346,963	162,368	2,749,832	304,666	8,136,300	79,337,780
MAY	7,103,647	28,112,016	354,252	(1,620,782)	3,202,702	39,696,072	1,546,572	78,394,479	35,859,281	27,236,741	3,346,963	163,286	2,750,017	195,467	8,842,724	78,394,479
JUNE	7,147,162	26,569,158	362,051	85,701	3,202,702	39,773,324	1,546,572	78,686,670	36,846,861	27,133,002	3,346,963	165,964	2,750,017	196,612	8,247,251	78,686,670
JULY	7,322,937	25,001,039	379,839	944,243	3,202,702	38,969,267	1,546,572	77,366,599	35,984,147	26,433,790	3,346,963	165,836	2,750,017	197,623	8,488,223	77,366,599
AUGUST	7,276,874	26,105,900	393,443	(1,205,302)	3,093,994	38,664,323	1,546,572	75,875,804	34,566,176	26,142,650	3,233,359	168,131	2,656,812	198,084	8,910,592	75,875,804
SEPTEMBER	7,418,605	26,159,804	393,372	839,933	3,093,994	40,195,230	1,566,279	79,667,217	33,916,423	28,746,150	3,233,359	166,835	2,656,812	188,721	10,758,917	79,667,217

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 2014

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves ($000)	Average Cash Reserves ($000)
2-Oct-13	68,078,488	11,573,343	18,136,902
9-Oct-13	69,069,229	11,741,769	18,782,833
16-Oct-13	69,372,276	11,793,287	20,125,238
23-Oct-13	69,461,735	11,808,495	19,175,785
30-Oct-13	69,566,088	11,826,235	18,831,593
6-Nov-13	69,366,024	11,792,224	19,433,724
13-Nov-13	70,047,600	11,908,092	20,299,838
20-Nov-13	70,443,529	11,975,400	19,457,602
27-Nov-13	71,084,553	12,084,374	18,490,449
4-Dec-13	71,303,224	12,121,548	19,127,839
11-Dec-13	71,643,765	12,179,440	19,548,952
18-Dec-13	71,653,471	12,181,090	19,042,613
27-Dec-13	71,316,276	12,123,767	19,344,056
2-Jan-14	71,320,212	12,124,436	18,459,521
8-Jan-14	71,005,035	12,070,856	18,664,137
15-Jan-14	70,886,271	12,050,666	18,765,349
22-Jan-14	70,795,094	12,035,166	18,235,217
29-Jan-14	70,754,647	12,028,290	18,483,584
5-Feb-14	70,792,018	12,034,643	18,752,220
12-Feb-14	70,949,753	12,061,458	19,089,322
19-Feb-14	71,196,529	12,103,410	18,893,466
26-Feb-14	71,580,688	12,168,717	18,872,901
5-Mar-14	71,827,329	12,210,646	18,840,264
12-Mar-14	72,215,859	12,276,696	19,078,672
19-Mar-14	72,527,506	12,329,676	19,567,634
26-Mar-14	72,758,300	12,368,911	20,011,246
2-Apr-14	73,005,347	12,410,909	19,253,089
9-Apr-14	73,589,865	12,510,277	18,455,483
16-Apr-14	73,779,265	12,542,475	18,641,510
23-Apr-14	73,951,712	12,571,791	18,530,342
30-Apr-14	74,101,747	12,597,297	20,346,426
7-May-14	73,761,565	12,539,466	20,725,474
14-May-14	74,005,359	12,580,911	20,709,489
21-May-14	74,247,729	12,622,114	21,341,575
28-May-14	74,401,706	12,648,290	20,211,254
4-Jun-14	74,829,524	12,721,019	20,569,254
11-Jun-14	74,959,388	12,743,096	20,812,435
18-Jun-14	75,025,265	12,754,295	20,653,617
25-Jun-14	75,103,141	12,767,534	19,549,554
2-Jul-14	74,922,788	12,736,874	18,950,767
9-Jul-14	74,841,365	12,723,032	17,583,832
16-Jul-14	74,594,535	12,681,071	16,845,229
23-Jul-14	74,259,965	12,624,194	17,004,843
30-Jul-14	73,704,759	12,529,809	17,095,913
6-Aug-14	73,311,959	12,463,033	18,153,336
13-Aug-14	72,956,559	12,402,615	17,897,204
20-Aug-14	72,842,271	12,383,186	17,989,197
27-Aug-14	73,000,394	12,410,067	18,278,366
3-Sep-14	73,041,053	12,416,979	18,481,128
10-Sep-14	73,427,741	12,482,716	19,508,258
17-Sep-14	73,766,988	12,540,388	20,062,589
24-Sep-14	74,212,806	12,616,177	19,106,321

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 2014

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves ($000)	Average Cash Reserves ($000)
2-Oct-13	1,633,244	146,992	146,815
9-Oct-13	1,633,744	147,037	148,329
16-Oct-13	1,632,322	146,909	148,173
23-Oct-13	1,660,233	149,421	150,703
30-Oct-13	1,688,089	151,928	153,243
6-Nov-13	1,721,333	154,920	155,926
13-Nov-13	1,750,233	157,521	158,164
20-Nov-13	1,752,022	157,682	158,429
27-Nov-13	1,753,011	157,771	158,410
4-Dec-13	1,742,167	156,795	157,303
11-Dec-13	1,733,922	156,053	156,999
18-Dec-13	1,722,433	155,019	156,017
27-Dec-13	1,689,067	152,016	156,580
2-Jan-14	1,673,622	150,626	152,520
8-Jan-14	1,664,156	149,774	150,755
15-Jan-14	1,653,811	148,843	149,888
22-Jan-14	1,666,656	149,999	151,006
29-Jan-14	1,725,622	155,306	156,283
5-Feb-14	1,779,633	160,167	161,207
12-Feb-14	1,779,922	160,193	161,232
19-Feb-14	1,775,011	159,751	160,914
26-Feb-14	1,717,600	154,584	156,244
5-Mar-14	1,660,667	149,460	151,054
12-Mar-14	1,659,567	149,361	150,306
19-Mar-14	1,669,422	150,248	151,013
26-Mar-14	1,684,844	151,636	152,254
2-Apr-14	1,680,611	151,255	152,007
9-Apr-14	1,696,078	152,647	153,399
16-Apr-14	1,705,822	153,524	174,277
23-Apr-14	1,700,733	153,066	173,836
30-Apr-14	1,723,422	155,108	156,025
7-May-14	1,732,033	155,883	176,715
14-May-14	1,743,900	156,951	171,181
21-May-14	1,785,222	160,670	162,114
28-May-14	1,792,867	161,358	163,440
4-Jun-14	1,814,311	163,288	164,137
11-Jun-14	1,833,444	165,010	192,144
18-Jun-14	1,857,133	167,142	168,083
25-Jun-14	1,891,922	170,273	238,659
2-Jul-14	1,932,922	173,963	190,167
9-Jul-14	1,985,078	178,657	179,702
16-Jul-14	2,020,456	181,841	182,892
23-Jul-14	2,060,478	185,443	190,976
30-Jul-14	2,078,167	187,035	189,026
6-Aug-14	2,081,411	187,327	189,342
13-Aug-14	2,078,500	187,065	207,828
20-Aug-14	2,086,389	187,775	202,582
27-Aug-14	2,078,589	187,073	202,631
3-Sep-14	1,806,844	162,616	175,987
10-Sep-14	1,792,822	161,354	180,426
17-Sep-14	1,982,389	178,415	199,690
24-Sep-14	2,040,800	183,672	202,952

Source: Central Bank of Trinidad and Tobago

CENTRAL BANK OF
TRINIDAD & TOBAGO