ANNUAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30

2000

LETTER OF TRANSMITTAL

CENTRAL BANK OF TRINIDAD AND TOBAGO

WINSTON DOOKERAN
Governor

December 29, 2000

The Honourable Gerald Yetming
Minister of Finance
Ministry of Finance
Eric Williams Finance Building
Independence Square
PORT OF SPAIN

REF: CB-G-40/00

Dear Minister

In accordance with Section 53(1) of the Central Bank of Act Chap. 79:02, I enclose herewith the Report of the Central Bank of Trinidad and Tobago for the year ended September 30, 2000, together with a copy of the Annual Audited Statement of Accounts certified by the Auditors.

Yours sincerely

Winston Dookeran

Winston Dookeran

Encs.

GOVERNOR'S FOREWORD

I am taking this opportunity on the 35th Anniversary of the establishment of the Bank to introduce a new format for the Bank's Annual Report. I think that it is also important that we enter the new century with the recognition that globalisation and innovations in technology have brought fundamental changes to market behaviour and consequently to the manner in which monetary policy is required to be conducted.

The public would be well aware that since the liberalisation of our foreign exchange market and the removal of current and capital controls in 1993, the Bank's approach to monetary policy has become much more market oriented. At the same time markets, both at home and abroad, have increased in complexity, placing demands on monetary policy to be much more dynamic and responsive. Consequently, the Bank has initiated steps to strengthen the institutional framework for open market operations and to develop the interbank market for foreign exchange. Alongside these efforts the Bank has also taken measures to enhance the stability of the broader financial system, most significantly in the area of integration of the regulation and supervision of the banking and insurance industries. Over the 1999/2000 period, the Bank also devoted substantial resources towards ensuring the smooth transition to January 1, 2000 and other date-sensitive periods. These all passed without any disruption of services to the system.

In this changing environment, the Bank recognizes the need to engage the public more closely in discussions on policy issues. Over the past year, I have therefore used the opportunity provided by my public engagements to discuss the Bank's approach and objectives in conducting monetary policy. The Bank has also been making changes to its publications and has enhanced the data content and presentation of its website. The public can expect to see further developments in this direction in the future.

In the year ahead, the Bank expects to advance significantly its work in developing and strengthening the domestic markets through which policy is implemented and on enhancing the stability of the broader financial system. In this process I would like to build on the dialogue in which we have engaged over the past year.

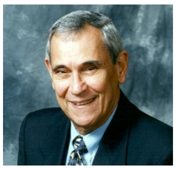
Finally, I would like to take this opportunity to record my sincere thanks for the valuable contribution and support that I have received from the staff of the Bank and from the public.

Winston Dookeran
Governor

BOARD OF DIRECTORS

Mr. Winston DOOKERAN, GOVERNOR
Chairman

Miss Amoy CHANG FONG
Deputy Governor



Mr. Thomas EVANS
Chartered Accountant
Director

Dr. Patrick WATSON
Dean, Faculty of Social Sciences, U.W.I.
Director

Mr. Leroy MAYERS
Ag. Permanent Secretary, Ministry of Finance
Director

Mr. Winston THOMPSON
Attorney-at-Law
Director

Mr. Raymond OTTLEY
Business Executive
Director

Mr. Randolph KONG
Attorney-at-Law
Director

CHANGES ON THE BOARD DURING THE YEAR

(i) Prof. Compton Bourne ceased to be a Director of the Board as his term of office came to an end on January 9 2000.

(ii) Mr. Carlyle Greaves served as a Director of the Board until February 2000.

(iii) Mr. Thomas Evans and Mr. Randolph Kong were reappointed as Directors to the Board with effect from March 8 2000.

(iv) Mr. Raymond Ottley, Mr. Winston Thompson and Dr. Patrick Watson were appointed to the Board with effect from March 8 2000.

(v) Mr. Leroy Mayers joined the Board as the representative for the Ministry of Finance, Planning and Development on August 15 2000. He replaced Ms. Monica Clement who served for a short period (March to June 2000) as the successor to Mr. Kamal Mankee.

MANAGEMENT TEAM

Mr. Hollis DE FOUR
Senior Manager, Finance and Administration

Ms. Joan JOHN
Senior Manager, Research and Policy

Ms. Teresa WHITE
Senior Manager, Change Management

Mrs. Lynette ADAMS
Manager, Human Resources

Lt. Col. Norris BADEN-SEMPER
Chief of Security

Mrs. Lorna DEANE
Manager, General Services

Ms. Caramae FARMER
Manager, Banking Operations

Dr. Penelope FORDE
Manager, Research Department

Mrs. Jennifer GREAVES
Manager, M.I.S.

Ms. Radica MAHARAJ
Manager, Legal and Secretary to the Board

Mr. Shabirul MOHAMMED
Manager, Investment Management

Mrs. Margaret SEALY
Manager, Bank Inspection

Mrs. June STEWART
Manager, Library, Records and Archives

INSPECTOR OF BANKS

Mr. Henry JEFFERS

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PART I
ECONOMIC SURVEY: JANUARY - SEPTEMBER 2000[1]

International economic developments continued to have a major influence on the domestic economy in general and the fiscal and external accounts in particular in the reporting period. The sustained buoyancy of international commodity prices enhanced Trinidad and Tobago's terms of trade, leading to an increase in the overall balance of payments surplus for the nine months to September to 5.5 per cent of GDP. While higher oil prices resulted in some strengthening of the fiscal accounts and facilitated higher government expenditures, this outcome masked underlying weaknesses in key non-oil revenue sources. The economy nonetheless remained resilient, recording a 4.5 per cent growth rate for the first nine months of the year compared with 5.2 per cent in the corresponding period of 1999. This growth was achieved with low inflation as the annualised rate of inflation in September 2000 was 3.8 per cent. However, the positive overall picture was tempered by continuing imbalances in the foreign exchange market, and the doubtful sustainability of recent trends in the public finances.

The strong economic growth in the January-September 2000 period was largely due to the performance of the non-energy sector as the energy sector showed a decline of 0.3 percent. However the energy based sector was showing signs of recovery towards the end of the period, registering a growth rate of 1.6 percent in the September quarter. The resurgence was based largely on the strength of the petrochemicals sub-group (17.8 per cent) which benefited from the full commissioning of a methanol facility in July 2000 and the resumption of operations at two major petrochemical plants towards the end of June.

A surge in crude oil prices to an average of over US$30 per barrel during the third quarter led to a near record increase in petroleum revenues (63.3 per cent) in that quarter and generated a fiscal surplus for the second successive quarter. As a result the cumulative deficit for the 1999/2000 fiscal year was reduced to just under $300 million or 0.6 per cent of GDP. Despite this improvement, the data suggest that the underlying fiscal performance remained weak since this is the third consecutive year of overall deficits and domestic debt has increased to $9.6 billion (19.1 per cent of GDP) at the end of September from $8.7 billion a year earlier. The position is further exacerbated by the rapid rise in central government contingent liabilities to $9.1 billion (18.1 per cent of GDP) at the end of September from $5.7 billion (13.3 per cent of GDP) a year earlier. Meanwhile, the outstanding public sector external debt declined by US$62.4 million to US$1.8 billion at the end of September and should decline by a further US$125 million by calendar year end as a result of the repayment of a bond in November. In other developments, the Ministry of Finance placed $415 million in a Revenue Stabilisation Fund as crude oil prices continued to soar above the budgeted price[2].

[1] The report on economic conditions for the full calendar year 2000 is contained in the Central Bank's *Annual Economic Survey 2000.*

[2] In the 1999/2000 budget address the Minister of Finance announced the intention to establish a Revenue Stabilization Fund (RSF) to be funded by part proceeds of oil revenue received in excess of the budgeted oil price and on September 29, 2000 an Interim Fund was established at the Central Bank of Trinidad and Tobago. Legislation is pending.

Following an improvement of 6.2 per cent in 1999, the overall terms of trade strengthened further in 2000 as a result of favourable export commodity prices and relatively stable import prices. Export volumes of petrochemicals expanded and consequently both the merchandise trade balance and the current account swung into surplus positions by the end of June. The balance of payments surplus of US $350 million for the first half of the year was supported by a healthy surplus on the capital account, reflecting the proceeds of two Euro-bond issues in June. At the end of September the country's net foreign reserves position stood at US$1472.6 million, an increase of US$545 million from the end of 1999. Meanwhile, the trade-weighted real effective exchange rate appreciated by 2.2 per cent on a year-on-year basis during the September quarter signalling a decline in international competitiveness. With inflation differentials continuing to narrow, movements in effective exchange rates reflected mainly nominal exchange rate changes, particularly the declining value of the Euro-based currencies.

The outlook to the end of the calendar year suggests that the economy is on track to achieve its seventh successive year of economic expansion and a further increase in employment. While inflationary pressures are expected to remain subdued (between 3 and 4 per cent), recent and pending wage settlements could fuel demand with a potential impact on domestic prices and import demand. The continuation of high oil prices should provide a boost to the fiscal position as well as to the country's overall external liquidity although the vulnerability to oil price changes remains. The balance of payments is expected to register a surplus of about US$350 million, which would be the eighth in succession and the largest since 1981. The immediate imperative however is for a strengthening of the underlying fiscal position and for a more prudent debt strategy.

Selected Economic Indicators 1996 - September 2000

Item	1996	1997	1998	1999	January-September 1999	January-September 2000
Changes in Real GDP (factor cost) (1985=100)	2.8	2.9	4.0	5.1	5.2	4.5
Inflation Rate (%)	3.3	3.7	5.6	3.4	2.3	3.8
Unemployment Rate (%)	16.3	15.0	14.2	13.1	13.6	n.a.
Fiscal Balance/GDP (%)	0.5	0.1	-1.9	-3.2	-1.5	0.8
Current Account/GDP (%)	1.2	-9.9	-10.5	0.5	-4.5	4.2*
Overall BOP/GDP (%)	3.7	3.0	1.3	2.4	1.8	5.5*
External Public Debt (US$Mn)	1,877.2	1,564.8	1,471.1	1,584.8	1,515.4	1,796.3
Debt Service Ratio (%)	13.4	15.4	9.9	8.0	10.6	6.1
W.T.I. (US$/barrel)	22.2	20.4	14.4	19.3	17.5	28.2
Gross International Reserve (US$Mn)	937.7	1,120.3	1,184.5	1,367.8	1,296.8	1,737.7
Exchange Rate (TT$/US$)[1]	5.99	6.25	6.28	6.27	6.27	6.27

[1] This rate represents the mid-point of the period average of the buying and selling rates of the TT/US dollar.

* These are the ratios for the period January-June 2000.

Activities of the Bank

PART II
REVIEW OF THE BANK'S ACTIVITIES

MONETARY AND FINANCIAL POLICY

The Central Bank Act Chapter 79:02 as amended defines the purpose of the Bank as "*the promotion of such monetary credit and exchange conditions as are most favourable to the development of the economy of Trinidad and Tobago.*" Within this context the principal objective of monetary policy is the maintenance of domestic price stability. However, given the sensitivity of the domestic price level to exchange rate movements, an important related objective is the maintenance of a stable exchange rate, particularly in relation to the US dollar. Since 1993, with the removal of exchange controls and administrative controls on credit, the Bank has relied largely on market based mechanisms to implement monetary policy.

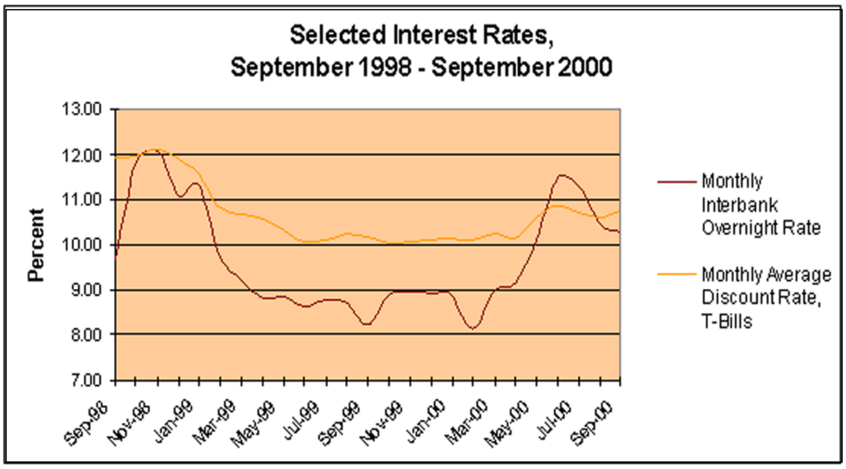
In the year ended September 2000 the major challenge facing monetary policy was the need to manage the liquidity expansion that resulted from the government's domestic operations. While the government achieved an overall deficit of $273 million at the end of the fiscal year, the unevenness of the cash flow during the period, particularly with regard to the government's domestic operations resulted in unusually large injections into the financial system. The domestic fiscal deficit resulted in a cumulative injection of $1,241.5 million into the financial system for the year.

Altogether, in the first half of the fiscal year, the Central Bank undertook net open market sales of $1,059.5 million to neutralise the fiscal injection, using up all the room it had for such operations under the existing legal ceiling. Some of this lost capacity was restored in May when government domestic bond placements withdrew $650 million from the financial system and reduced the need for monetary tightening. In fact around mid-year the Central Bank added approximately $883.5 million into the financial system through open market operations to meet temporary shortfalls in liquidity. However, from the middle of August to the end of September open market operations were again directed at removing liquidity in order to address renewed fiscal injections.

The demand for treasury securities remained robust supported by the relatively liquid conditions prevailing between October 1999 and April 2000. In February the Central Bank introduced the use of treasury notes[3] as an additional instrument of open market operations. Bidding in the primary market auctions was aggressive and approximately 89 per cent of the 36 auctions held during the year were oversubscribed. The Central Bank's tight grip on liquidity appeared to be taking effect and was reflected in changes in rates in the Treasury Bill market.

In keeping with the evolution of liquidity conditions over the year, interest rates in the short to medium-term treasury securities market were relatively lower in the first half of the year, but rose subsequently as liquidity tightened. At the end of September 2000 the yield on the 3-month treasury bill stood at 10.73 percent,

[3] The Treasury Notes Act, 1995 provided for the issuance of $1 billion in treasury notes of maturity between 1-5 years.



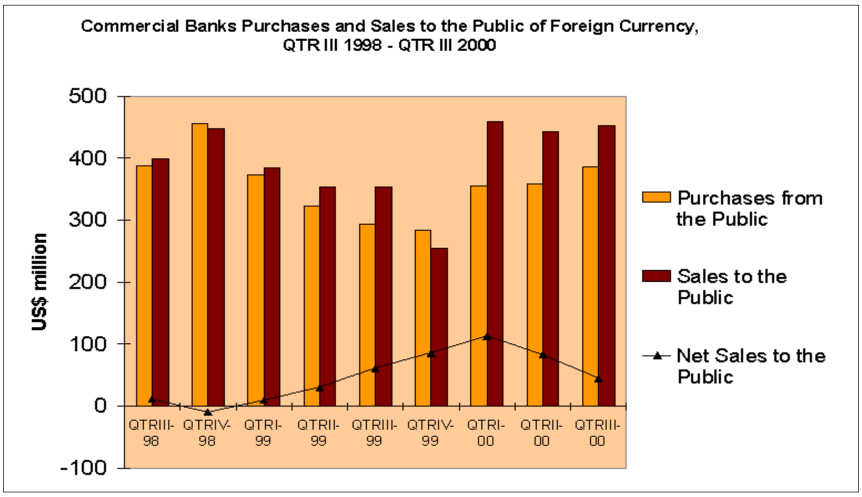
56 basis points higher than at the beginning of the year.

In the wider market, inter-bank rates as well as rates on loans and deposits also responded to the changing liquidity conditions. Inter-bank rates rose from a range of 7.75-8.15 per cent in September 1999 to 9.00-9.25 per cent in April 2000 and climbed to a range of 11.25-11.75 per cent in July as liquidity conditions tightened. Subsequently, the inter-bank rate fell to 10.00-10.22 per cent in the months of August and September.

Credit trends were also strongly influenced by liquidity conditions. Commercial bank credit to the private sector grew by 17.5 per cent over the twelve months to September 2000, consistent with the buoyant economy and the liquidity in the financial system. The non-bank sector, especially the trust and mortgage finance companies, saw an even more substantial increase of 43 per cent in its lending to the private sector. It is to be noted that while loans accounted for the greater share of this lending, holdings of securities and investments almost doubled.

A number of developments impacted the behaviour of the monetary aggregates during the year. These include: (i) the sharp fall in currency issue after December 1999 when holdings by the public had increased sharply in anticipation of possible Y2K related problems; (ii) substitution by the public out of money holdings into higher yielding near-money assets such as money market mutual funds; and (iii) leakages due to foreign exchange outflows. Consequently, various measures of the TT dollar money supply either slowed or contracted although conditions seemed to favour strong growth in the monetary aggregates. M-1A rose by a moderate 5.4 per cent while M-2, the broader measure, grew by a smaller 2.9 per cent on a year-on-year basis. In contrast to the trend in TT dollar balances, foreign currency deposits rose by just over 14 per cent to comprise 28 per cent of total deposits held at commercial banks over the twelve-month period to September 2000.

In the foreign exchange market, the volume of transactions increased, spurred by the growing economy and rising imports of goods and services. Foreign currency transactions with the public rose by 3.3 per cent, with the commercial banks maintaining their dominance in the market and accounting for 92.7 per cent (in volume terms) of reported trades. For the year ended September 2000, commercial banks sold US$1,810.8 million, 9.6 per cent more than in the 12-month period ending September 1999. On the other hand, purchases from the public of US$1,500.6 million fell some 3.3 per cent. This resulted in a widening of the supply/ demand gap in the foreign exchange market. The imbalance was partially offset by the Central Bank's net sales of US$251.0 million to the system. The selling rate for the US dollar fluctuated within a narrow band throughout the year but remained just below the TT$6.30 level.



BANKING OPERATIONS

Statutory Reserve Requirements

For the second consecutive year, statutory reserve ratios remained unchanged at 21 per cent of prescribed liabilities for the commercial banks and 9 per cent for the non-bank financial institutions. The cash reserves of the licensed non-bank financial institutions increased significantly as a result of the growth of the revised prescribed liability base on which the statutory reserve requirement has been calculated since 1998. The required cash reserves of the commercial banks averaged $2,533 million while those of the licensed non-bank financial institutions averaged $480 million. All of the commercial banks and three of the non-bank financial institutions fell short of the requirements on their reserve accounts at some point during the year. A total of $428,776 in penalty interest was paid by the banks and non-bank financial institutions, an increase of 49 per cent when compared to interest payments in the previous year.

In anticipation of a higher potential public demand for cash at the end of the year and the 2000 date change, commercial banks drew down substantial cash supplies from the Central Bank. For a limited period, mid-December 1999 to mid-January 2000, the Central Bank allowed commercial banks to count in their statutory reserves cash balances held in excess of average cash holdings maintained in November 1999. Cash balances held at banks are not normally included in the computation of the statutory reserves.

Open Market Operations (OMO)

The Central Bank managed liquidity conditions in the market by increasing the frequency and volume of open market operations, particularly over the period

October 1999 to April 2000, in order to contain the growth of money and credit within programmed levels and to alleviate demand pressures in the foreign exchange market. On a cumulative basis, domestic fiscal injections peaked at around $1.8 billion in April. Treasury notes were issued for the first time in February 2000 and by the end of April 2000 notes valued at $817.0 million were outstanding.

From May 2000, the central government resumed its borrowing programme withdrawing $650.0 million of reserves from the banking system. As a result the volume of open market securities declined and remained below the level of the earlier part of the period. Table 1 shows the results of the open market activities during the year.

Table 1

Results of Open Market Operations
October 1998 - September 2000

(a) Treasury Bills

Date of Auctions	OMO Treasury Bills		Average
	Maturity (Days)	Amount Allotted ($M)	Discount Rates (%)
1998			
October	-	-	-
November	-	-	-
December	7	170	11.35
1999			
January	58 - 91	151	11.43 -11.75
February	41 - 241	512	10.75 -11.15
March	8 - 204	256	10.12 -11.01
April	56 - 182	431.1	10.70 -10.83
May	169	50	10.75
June	141-207	305	10.13 -10.20
July	47-136	130	9.98 -10.11
August	83	20	10.39
September	21-92	230	10.12 -10.30
October	91	60	10.23
November	43-91	230	10.15 -10.35
December	84-182	407.28	10.21 -10.40
2000			
January	67-247	520.2	10.12 -10.50
February	90-91	168	10.12 -10.20
March	72-191	209	10.27 -10.42
April	90-91	15	10.3
May	-	-	-
June	91	15	10.85
July	84-154	123	10.88 -10.99
August	42-131	107	10.65 -10.89
September	31-92	190	10.50 -10.95

(b) Treasury Notes

	Maturity	Amount. Allotted ($Mn)	Average Yield (%)
2000			
February	367 days - 2 years	450	11.32-11.64
March	18 mths	140	11.28
April	1 year	227	11.16-11.35

Currency Notes and Coins

The total value of notes and coins in circulation as at September 30 2000 was $1,362 million. This represented a 4 per cent increase over the value of currency in circulation at the end of September 1999. New notes and coins valued at $1,011 million were issued during the year while the re-issue of used currency during the same period amounted to $1,058 million. Notes and coins worth $2,018 million were redeemed from the commercial banks. Currency notes to the value of $886 million were withdrawn from circulation as unfit for further use and destroyed.

Agency Functions

The Bank is engaged from time to time in performing specific functions on behalf of the government and multilateral financial institutions.

(i) Public Sector (Arrears of Emoluments)Bonds

In 2000 the Central Bank issued on behalf of the Government a new category of bonds under the Public Sector (Arrears of Emoluments) Act 1995, as Amended in 1998.

In addition to the four types already issued to cover pay arrears to the public sector i.e. Arrears of Emoluments, Buy-Out, Incentive and Daily-Paid bonds, a fifth bond, the *Special Award* bond was issued. This bond was distributed in the year 2000 and has a maturity date of 2001 and a total value of $542,000. The fourth tranche of the Arrears bonds matured in January

TABLE 2

Currency in Circulation
October 1999 - September 2000
Dollars Million

Months	High	Low	Average
1999			
October	1,323.3	1,254.2	1,290.3
November	1,361.8	1,285.9	1,332.8
December	1,764.4	1,360.9	1,525.0
2000			
January	1,763.8	1,347.1	1,465.9
February	1,401.3	1,312.3	1,349.4
March	1,456.8	1,328.1	1,396.1
April	1,408.8	1,305.5	1,344.9
May	-	-	-
June	1,380.8	1,339.7	1,357.9
July	1,382.1	1,317.7	1,348.4
August	1,406.2	1,321.7	1,360.6
September	1,427.5	1,345.3	1,374.8

2000 and as at September 30 2000 a total of $1,270.8 million in bonds was redeemed as follows: Arrears of Emoluments - $1,170.9 million, Buy-Out - $89.1 million and Incentive - $10.8 million. The total value of all bonds issued under the Public Sector (Arrears of Emoluments) Act 1995 was $1,796.4 million and as at September 30, 2000 the total value of outstanding bonds was $525.6 million.

(ii) Government Project Financing Facility (DOMA)

Following the destruction of buildings in the central business district of Port of Spain in 1990, the Government agreed to provide a subsidy on the interest on loans taken to rebuild in the affected areas. Under this arrangement, the Central Bank makes the subsidy payments to financial institutions for the account of the affected businesses and is reimbursed by the government. The subsidies are payable over the life of the loan as interest becomes due.

During the year, subsidy payments were made in respect of twenty-one (21) such loans. The cumulative amount paid by the Bank as at September 30 2000 was $74.2 million of which $38 million was reimbursed by the Government, while $36.2 million remained due at the end of the fiscal year.

(iii) Credit Facilities

The Central Bank administered several credit facilities on behalf of international and multilateral financial institutions, which were made available through qualified financial institutions to export manufacturers, manufacturers of import substitutes and importers of capital goods and services. Despite several enquiries about their general availability there was little or no activity in several of the facilities. Two facilities were being wound up as the agreed disbursement periods came to an end:

(a) The Business Expansion and Industrial Restructuring Loan (BEIRL) was extended by the World Bank to the Government of Trinidad and Tobago, but responsibility for the credit component rested with the Central Bank. The deadline for applications under this loan was June 30 1999. The major activity in respect of this loan was therefore loan collection from beneficiaries through their respective participating financial intermediaries (PFIs).

A total of ninety one (91) sub-loans amounting to over TT$110.0 million (US$16.2 million) were disbursed to forty five (45) beneficiary companies through five (5) PFI's during the period of this credit line. Two (2) sub-loans have been fully liquidated and the principal balance outstanding as at September 30 2000 was TT$63.4 million. Loan repayments were consistently serviced.

(b) The Central Bank also administered a grant facility, the General Import Programme II – Structural Adjustment Programme II (GIP II/SAP II) with funding provided by the European Union. The End of Programme Review was completed in May 1999 and the final Statement of Imports was approved. A meeting of the Management Committee of the Commission of the European Committee – Counterpart Fund (CEC-CPF) was held on July 12 2000 to formally conclude the programme.

REGIONAL FINANCIAL ARRANGEMENTS

Guyana Consolidated Debt

The Government of Trinidad and Tobago had agreed in 1997 to grant debt relief to Guyana under the Paris Club. The debts due by Guyana to the Government and the Central Bank were consolidated for the purpose of this arrangement.

The Government also agreed in 1999 to participate in the IMF/IBRD initiative *(Box 1)* for Heavily Indebted Poor Countries (HIPC), under which Guyana qualified for debt relief in respect of loans granted by Trinidad and Tobago. On October 14 1999 a Supplemental Agreement to the 1997 Bilateral Agreement between the Governments of Trinidad and Tobago and the Co-operative Republic of Guyana was signed to give effect to the commitment to HIPC. Under the supplemental agreement, Guyana's debt was rescheduled under "Lyons Terms" which afforded Guyana an additional reduction of 10.3 per cent on its debt to Trinidad and Tobago. The additional relief was provided through a reduction in the interest rate from 6.6 per cent to 3.24 per cent with no change in the principal amount or the repayment period of twenty (20) years. Interest is payable on a current basis while repayment of the outstanding principal begins in November 2002.

Guyana is also eligible for additional debt relief under the Enhanced HIPC Initiative, which was endorsed by the Executive Boards of the World Bank and the IMF at the Annual Meetings in September 1999. A decision has not yet been made in respect of the method of providing the additional relief on the loans due to Trinidad and Tobago.

Caricom Multilateral Clearing Facility

The Central Bank is the agent for the CARICOM Multilateral Clearing Facility (CMCF) which ceased operations in 1983. The Bank continues to manage the limited residual functions of the CMCF. During the financial year ended September 2000, the principal activities of the Agent for the CMCF were related to the payment of interest due to creditor participants by the debtor participant (Guyana).

Under the HIPC Initiative for which Guyana qualified, the CMCF delivered debt relief (US $26.7 million in net present value terms) to Guyana, while an additional US $2.4 million was contributed by the HIPC Trust Fund on behalf of the CMCF. With regard to the Enhanced HIPC Initiative, the Board of the CMCF has agreed in principle to deliver the required debt relief of US $28.9 million in net present value terms; however, the modalities of this debt relief are still to be determined.

BOX 1
The Heavily Indebted Poor Countries (HIPC) Initiative and its Impact on the Caribbean Region

The HIPC Initiative

The Heavily Indebted Poor Countries (HIPC) Initiative is a programme of actions proposed by the World Bank and the International Monetary Fund (IMF) to bring about a resolution to the debt problems faced by the poorest countries in the world. This initiative received the endorsement of governments around the world in September 1996, and represented a commitment of all creditors to collaboratively strive to ensure that the debt burden of eligible countries would be reduced to sustainable levels. Subsequently, in September 1999 the framework of the initiative was enhanced to establish a closer connection between debt relief and poverty reduction. This required an acceleration of the debt relief delivery process.

All creditors agreed to share the costs of this relief through a process of broad and equitable burden sharing. To assist multilateral creditors, the World Bank established a HIPC Trust Fund which comprises contributions from participating multilateral creditors and bilateral donors.

Guyana's Eligibility

Guyana was among the first countries in the Western Hemisphere (Bolivia is the other country) to be considered under the HIPC Initiative. At the end of 1996, Guyana's external debt amounted to US$1,595 million in nominal terms and US$1,187 million in net present value (NPV) terms. Guyana's bilateral creditors accounted for $592 million in nominal terms while the debt owed to multilateral creditors amounted to US$1,003 million or US$664 million in NPV terms.

Bilateral creditors, under **Naples Terms**, had previously given concessional relief by writing-down 67 per cent of the overall stock of debt of Guyana. In March 1997, Trinidad and Tobago had therefore provided a reduction of US$359.2 million in Guyana's debt obligations and rescheduled the remaining debt (US$176.9 million) over a period of twenty-three years. Trinidad and Tobago remained a substantial bilateral creditor to Guyana, accounting for US$182.3 million in NPV terms (US$176.9 million) of its bilateral debt. Of the debt owed to multilateral creditors, Guyana was indebted to some Caricom member countries, including Trinidad and Tobago, through the Caricom Multilateral Clearing Facility (CMCF) to the nominal value of US$131 million or US$113 million in NPV terms.

Bilateral creditors were required to provide Guyana with up to 80% debt relief (**Lyons Terms**), while among the multilateral creditors, the CMCF's obligation was determined to be US$29.1 million in NPV terms.

Delivery of Debt Relief

In May 1999, the Fund and the World Bank assessed that Guyana had met the conditions for receiving debt relief under the Initiative. Consequently, the CMCF, by an agreement dated May 14 1999, delivered its debt relief in part by a write-down of the jointly held share of CMCF credits as at November 4 1998 which amounted to US$28.6 million or US$26.678 million in NPV terms. The remainder of its debt relief obligation, US$2.447 million, was provided by the HIPC Trust Fund.

To increase the debt reduction factor to up to 80 per cent as required for bilateral creditors, Trinidad and Tobago executed an agreement in October 1999 to increase its assistance to 77.3 per cent, equivalent to an additional relief of US$57.75 million in NPV terms. This was effected through a reduction of the rate of interest on the loan balance of US$176.9 million from 6.6 per cent to 3.24 per cent.

Enhanced HIPC Debt Relief and Implications

The Enhanced HIPC Initiative involved a reconsideration of the debt sustainability of countries which had already been considered under the original HIPC Debt Initiative. To date, ten countries have qualified under the Enhanced HIPC framework for more than US$16 billion in debt service relief. Inasmuch as the ratio of Guyana's NPV of debt-to-revenues remained high even after obtaining debt relief under the original Initiative, it became eligible for further relief under the Enhanced HIPC Initiative framework.

Under this enhanced arrangement, the CMCF is required to deliver approximately **US$29 million** in debt relief. Meanwhile Guyana's bilateral creditors will be required to top-up their debt relief to 87 per cent. It has been estimated that for Trinidad and Tobago approximately **US$53 million** in debt relief to Guyana is required under the enhanced HIPC Initiative. The delivery date for the additional debt relief to Guyana is expected to be before the end of 2001.

FINANCIAL SYSTEM OVERSIGHT

Policy

The Financial Institutions Act 1993 (FIA) confers on the Central Bank the responsibility for regulating and supervising banks and near-banks licensed in accordance with that Act. However, against the background of heightened concerns among financial regulators about the increasing risks to financial stability in domestic markets, more broadly defined, the Central Bank expanded its approach to include oversight of the wider financial markets. The Bank also took other initiatives to improve the infrastructure of the regulatory and operating systems in order to promote a strong and resilient financial system.

The Bank participated in international and domestic initiatives to review and strengthen its payments and securities clearance and settlement systems, began the process of integrating the supervision of different sectors of the financial services industry and restructured its Bank Inspection Department to meet the new challenges of the market place.

Financial Stability Committee

In January 1999, the Central Bank of Trinidad and Tobago established an internal Financial Stability Committee (FSC) to provide a co-ordinated monitoring mechanism of the broader financial system.

The FSC meets on a bi-monthly basis to deliberate on issues pertaining to financial macro-stability, the external vulnerability of the economy, the micro-stability of individual financial institutions and other issues that may affect overall financial stability. Some of the issues reviewed in the year ended September 2000 were:

the range of economic and financial indicators appropriate for identification of early warning signs of financial instability and external vulnerability;

key financial performance indicators for licensed financial institutions related to the areas of growth, asset quality, liquidity, capital adequacy and managerial performance;

financial institutions' management of foreign exchange risks.

Consolidated Supervision

Over the last two decades, globalisation, deregulation and the rapid pace of technological development have facilitated the dismantling of barriers between the banking, insurance and securities industries. These developments and the emergence of internet banking and other forms of e-commerce have presented new challenges to financial regulators who have responded to the need for co-ordinated and comprehensive oversight of the wider financial system through different forms of integrated supervision.

In his 1999/2000 budget speech, the Minister of Finance announced that the supervision of the banking and insurance industries in Trinidad and Tobago would be integrated and the Central Bank was charged with the responsibility for implementing this decision. Subsequent to this, the Central Bank entered into an agreement with the Inter-American Development Bank (IDB), as Administrator of the Multilateral Investment Fund (MIF), for the partial funding of a technical assistance program to support the establishment of a specialised unit within the Central Bank for the supervision of commercial banks, non-bank financial institutions, insurance companies and pension funds. The Central Bank is currently putting in place the structure to manage the implementation.

Internal Re-organisation

The Bank Inspection Department is responsible for supervising financial institutions licensed under the FIA, mainly banks and near-banks. To meet changes in the domestic market, the Department began restructuring its operations and re-training its staff in order to improve the evaluation of these institutions. The Department will focus on risk management processes at all institutions, emphasising the role of corporate governance in ensuring that managers of licensed financial institutions understand and manage the risks inherent in their business activities.

Capital Ratios

Effective September 30 2000, the Central Bank implemented a minimum capital charge of 10 per cent on the net foreign currency exposure of all licensed financial institutions. This 10 per cent charge on foreign exchange risk supplemented the existing 8 per cent minimum capital charge for credit risk levied under Regulation 3 of the Financial Institutions (Prudential Criteria) Regulations, 1994. This is the first step in the process of placing a capital charge on market risk, which is in keeping with international standards as detailed in the Basel Committee's *Amendment to the Capital Accord to Incorporate Market Risks.*

The performance of capital ratios in the period under review was mixed. Overall, the ratio of total qualifying capital to total risk adjusted assets improved for commercial banks, but declined for near-banks (Table 3). However another leverage indicator, the ratio of share capital and statutory reserves to deposit liabilities showed that on average, the commercial banks' leverage position weakened while that of near-banks improved over the period. Notwithstanding this, the ratio of total qualifying capital to total risk adjusted assets of all licensees was well above the stipulated minimum of 8 percent and the ratio of share capital and statutory reserves to deposit liabilities for all licensees was well above the 5 percent minimum.

Liquid Assets Ratio

Financial institutions which are authorised dealers and which accept foreign currency deposits are required to hold a liquid foreign currency assets portfolio as a precautionary balance against deposit withdrawals.

Following recommendations of the FSC, the Liquid Assets Ratio (LAR) was amended to improve the quality of permissible assets and to reduce the ratio from 25 per cent of foreign currency deposit liabilities to 20 per cent. The effective date for the implementation of the new guidelines on the LAR was the first week in August 2000 for commercial bank dealers and the first week in September 2000 for other authorised dealers.

Table 3

Commercial Banks and Non-Bank Financial Institutions Selected Indicators

	Commercial Banks			Non-Bank Financial Institutions		
	Sep-00	Sep-99	Sept 00/ Sept 99 %	Sep-00	Sep-99	Sept 00/ Sept 99 %
Total Assets (TT$Mn)	31,353.2	29,305.7	7.0	13,232.5	10,929.0	21.1
Loans	13,305.8	12,067.4	10.3	4,995.3	4,003.5	24.8
Investments	5,573.5	5,167.4	7.9	5,312.8	4,496.9	18.1
Foreign Currency Assets	7,955.1	7,822.9	1.7	3,673.3	2,759.2	33.1
Total Liabilities (TT$Mn)	27,290.9	26,050.4	4.8	11,971.5	9,817.5	21.9
Deposit Liabilities	17,409.2	16,425.5	6.0	5,934.2	5,564.9	6.6
Other Current Liabilities *of which*	3,209.9	3,501.9	-8.3	4,599.9	3,152.9	45.9
Fund raising instruments	952.9	1,161.2	-17.9	3,122.7	1,073.6	190.9
Long-term Liabilities *of which*	2,344.6	1,658.0	41.4	965.0	910.4	6.0
Fund raising instruments	335.2	0.0	na	425.0	479.4	-11.3
Other long-term liabilities	1,413.5	1,115.2	26.7	485.6	378.9	28.1
Asset Quality Ratios (%)						
Gross Loans/Gross Assets	42.4	41.2		37.8	36.6	
Gross Investments/Gross Assets	17.8	17.6		40.1	41.1	
Past due loans > 3 months/Total Gross Loans	4.5	4.6		3.5	4.2	
Loan Loss Provision/Total Gross Loans	2.9	3.1		1.3	1.2	
Liquidity Ratios (%)						
Liquid Funds/Deposit Liabilities	25.2	29.7		27.5	28.6	
Liquid Funds/Total Gross Assets	14.0	16.6		12.3	14.6	
Capital Ratios (%)						
Share Capital & Statutory Reserves/Deposit Liabilities	11.0	11.5		12.5	9.3	
Core Capital/Total Risk-Adjusted Assets	17.2	15.6		14.6	14.1	
Total Qualifying Capital/Total Risk-Adjusted Assets	19.4	17.3		16.5	17.2	

Developments at Financial Institutions

During the year ended September 2000, the number of licensed financial institutions declined by one (1) to twenty (20) following the merger of two licensed subsidiaries. With effect from April 10 2000 the operations of the two licensed subsidiaries of First Citizens Bank Limited (FCBL) were merged in an effort to improve the level of operating efficiency within the group. This was effected through the transfer of the assets and liabilities of First Citizens Merchant Bank Limited (FCMB) to First Citizens Bank Mortgage and Trust Company Limited (FCBM&T). As a consequence FCMB ceased to function as a licensed financial institution. The number of branches of licensed financial institutions increased by 23 as Scotiatrust opened 20 new branches, all located at the parent bank premises, while Royal Bank, Intercommercial Bank and Scotiabank opened one each.

Technology and Banking

All commercial banks currently offer some form of electronic banking[4] to the public, while a few are considering launching full internet banking services. The risks associated with electronic banking activities were recognised in the Basel Committee's May 1998 document entitled *Risk Management for Electronic Banking and Electronic Money Activities*. The document notes that the risk of engaging in electronic banking activities could be greatly reduced if adequate attention was given to security policies and procedures, disclosures, customer/employee education, proper evaluation of the system prior to its introduction, regular system tests and upgrades, and contingency planning. Consequently a major focus of the Bank Inspection Department has been the development of policies and procedures which may assist licensees in managing such risks.

Electronic Fraud

Concomitant with the increasing use of technology by licensees, the issue of electronic fraud gained a higher profile during the past year. Availability of low-cost technology and software was felt to be partly responsible for the perpetration of electronic fraud via ABMs, wire transfer, debit and credit cards, of account take-overs and identity assumption. The magnitude of the problem was enough to prompt the commercial banks to establish an Interbank Fraud Awareness Committee, among other measures, to counteract this burgeoning problem.

Legislation to address the problem was laid in Parliament in September 2000. The *Electronic Transfer of Funds Crime Bill* is aimed at broadening the current legislative framework to deal with crimes involving the use of computer technology and identifies a number of offences which constitute electronic banking fraud. Some offences under the Bill include giving false information to a financial institution to obtain a card, the selling or buying of a card other than from the issuer and obtaining control of a card as security for a debt with intent to commit fraud. In addition, the Bill prohibits financial institutions from disclosing the names, addresses and card numbers of cardholders to any person without the prior written permission of the cardholder.

Money Laundering

In May 1995, the Central Bank issued anti-money laundering guidelines for financial institutions licensed under the Financial Institutions Act (1993). These guidelines incorporated the recommendations of the Financial Action Task Force (FATF)[5] and the Caribbean Financial Action Task Force (CFATF) for measures to prevent money laundering in deposit taking institutions, such as, know-your-customer, record keeping rules and rules for the reporting of unusual or suspicious transactions. The guidelines also required licensees to have designated compliance officers and to institute training programmes on money laundering for their staff. The monitoring of financial institutions' compliance with these anti-money laundering guidelines is partly facilitated through semi-annual reports submitted to the Central Bank by the financial institutions' external

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[4] Electronic banking refers to the provision of retail and small value banking products and services through electronic channels. Such products and services can include deposit taking, lending, account management, the provision of financial advice, electronic bill payment, and the provision of other electronic payment products and services such as electronic money. Currently, widely used access devices through which electronic banking product s can be provided to customers include point of sale terminals, ATMs, telephones, personal computers, smart cards, and other devices.

[5] The Financial Action Task Force (FATF) on Money Laundering was established by the G-7 Summit held in Paris in 1989. It is an Inter-Governmental body which develops and promotes policies, both nationally and internationally to combat money laundering. Its primary goal is to bring about national legislative and regulatory reforms in this area. There are currently thirty-one (31) member states in the FATF.

auditors. These guidelines were however limited to licensed financial institutions and were not enforceable by law.

Legislation has since been introduced to address money laundering concerns at the national level. The *Proceeds of Crime Act 2000* became effective November 6 2000. This Act requires every financial institution to develop and implement a formal compliance programme to ensure and monitor compliance with the Regulations made under the Act, and essentially incorporated the key requirements of the Central Bank Guidelines. In order to ensure compliance, the *Proceeds of Crime Act 2000* also allows for the appointment of a designated authority to determine whether a financial institution has implemented a compliance programme and to investigate financial institutions' records of suspicious transactions and any suspected breaches of the Act.

Additionally, a National Drug Council was established in July 2000 to oversee the implementation and coordination of government policy on the prevention and detection of drug trafficking and money laundering. It is the Council's intention to review this country's anti-money laundering regime in consultation with the Central Bank.

Payments System Reform

In February 2000 a World Bank-led team carried out a country study of the payments and securities clearance and settlement systems in Trinidad and Tobago. This was part of a pilot study which the World Bank agreed to support in the context of the mandate given by the Western Hemisphere Finance Ministers in 1997. A description of the systems as they exist in Trinidad and Tobago was posted on the website www.whpi-ipho.org for comment for a limited period.

This study consolidated individual initiatives that had already been in progress and led to the formulation of a comprehensive three (3) year plan of action to strengthen the payment and securities clearance and settlement systems in Trinidad and Tobago to meet international standards and best practices. These standards and practices have been established by the Committee on Payment and Settlement System (CPSS), formed within the Bank for International Settlements (BIS). The BIS Core Principles for Systemically Important Payment Systems are shown in *Box 2*.

A Project Team comprising the Central Bank and the Trinidad and Tobago Securities and Exchange Commission (TTSEC) has been appointed to spearhead the implementation of the reforms.

Year 2000 Date Change in the Financial System

As 1999 drew to a close, the Bank Inspection Department increased its on-site visits to verify the status of the licensees' Year 2000 (Y2K) readiness, to monitor test results and to examine contingency plans to determine their adequacy. In recognition of the need to maintain public confidence in the banking system the Central Bank and the Bankers' Association of Trinidad and Tobago issued several public communications on issues related to the date change.

In anticipation of a greater than normal demand for cash prior to the Y2K date rollover, the Central Bank increased its stocks of currency notes and coins and commercial banks increased their cash holdings to ensure an adequate supply of currency notes. The transition period

BOX 2
BIS Core Principles
For Systemically Important Payment Systems

Core principles for systemically important payment systems

I. The system should have a well-founded legal basis under all relevant jurisdictions.

II. The system's rules and procedures should enable participants to have a clear understanding of the system's impact on each of the financial risks they incur through participation in it.

III. The system should have clearly defined procedures for the management of credit risks and liquidity risks, which specify the respective responsibilities of the system operator and the participants and which provide appropriate incentives to manage and contain those risks.

IV.* The system should provide prompt final settlement on the day of value, preferably during the day and at a minimum at the end of the day.

V.* A system in which multilateral netting takes place should, at a minimum , be capable of ensuring the timely completion of daily settlements in the event of an inability to settle by the participant with the largest single settlement obligation.

VI. Assets used for settlement should preferably be a claim on the central bank; where other assets are used, they should carry little or no credit risk.

VII. The system should ensure a high degree of security and operational reliability and should have contingency arrangements for timely completion of daily processing.

VIII. The system should provide a means of making payments which is practical for its users and efficient for the economy.

IX. The system should have objective and publicly disclosed criteria for participation, which permit fair and open access.

X. The system's governance arrangement should be effective, accountable and transparent.

* Systems should seek to exceed the minimal included in these two principles.

Responsibilities of the central bank in applying the core principles

A. The central bank should define clearly its payment system objectives and should disclose publicly its role and major policies with respect to systemically important payment systems.

B. The central bank should ensure that the systems it operates comply with the core principles.

C. The central bank should oversee compliance with the core principles by systems it does not operate and it should have the ability to carry out this oversight.

D. The central bank, in promoting payment system safety and efficiency through the core principles, should cooperate with other central banks and with any other relevant domestic or foreign authorities.

passed without incident for the financial sector as a whole.

ADMINISTRATION

Management, Structure and Accountability

Responsibility for producing the outputs to meet the Bank's objectives is spread over 12 departments, each of which is headed by a Manager who is responsible to a Senior Manager or Deputy Governor for the quality and cost of the outputs. Outputs and their costs are identified and agreed through the annual budgetary planning process and are reviewed regularly throughout the year. A number of internal management Standing Committees and several ad hoc project committees co-ordinate matters across departments and provide advice to the Governor.

Technology In The Bank

The Bank had approached the Y2K issue in its internal systems by appointing a Y2K implementation team which was responsible for evaluating the status of the Bank's technology systems, monitoring remedial activities and systems upgrades, developing contingency plans and managing testing and compliance. The roll-over of the date to January 1 2000 as well as the roll-over to other "sensitive" dates (February 29 2000) passed smoothly with no disruption of services to the Central Bank's internal systems.

The Bank upgraded its website *www.central-bank.org.tt* to enhance navigation around the site and to include a significant amount of data formerly available in printed format only. The Bank has also established an intranet to enable staff to access a wide range of internal and personal information.

Disaster Preparedness

Dealing with the Y2K challenge also reinforced the importance of contingency planning and disaster preparedness. A complete update of the Bank's Disaster Recovery Plan, which had originally been completed in 1990 and was reviewed on an annual basis, was undertaken as part of the Y2K preparations. Tests of all critical operations of the Bank were conducted and the results were used in updating the Bank's Disaster Recovery documentation.

The Bank continues to maintain off-site and off-country storage locations for back-ups and vital records that are necessary for any recovery effort. An off-site alternate processing centre is also maintained as an important component of disaster recovery preparedness. An immediate objective in this area is to increase the number of locations from which the Bank's critical functions can be carried out, as the Central Bank remains committed to maintaining the resources necessary for ensuring business continuity should a disaster of any severity arise.

Personnel

During the financial year ended September 2000, the Bank's staff complement fell by 2.3 per cent to 381 employees. A total of seven (7) employees (comprising 4 professional and 3 associate staff) joined the Bank on a contractual basis during the period.

The Bank bade farewell to 16 members of staff during the period under review. Long serving members who retired from the Bank included Mr. Oswald Rivars, who retired on July 7 2000 as Manager Internal Audit after serving the Bank for 27 years in various positions and departments. Ms. Janice Cipriani who retired on September

29 2000 had served the Bank for 28 years in a number of departments most recently in the Legal Department, where she performed secretarial/administrative duties. Mrs Annette Marcano, Executive Secretary in the Deputy Governor's Office proceeded on early retirement effective August 3 2000 after having served the Bank for 29 years.

Mr. Henry Jeffers was re-appointed as Inspector of Banks for a further period of three years with effect from August 30 2000.

Training and Development

In order to develop its human resource potential, the Bank provides training internally and externally in areas related to the work of the Bank. Staff also attend seminars and conferences to keep up-to-date on their specific areas of responsibility.

Training and development opportunities were provided to Bank staff in the following areas:

- Knowledge Management
- Risk Management
- Leadership and Innovation
- Internal Auditing
- Monetary Economics
- Payments Systems
- Financial Programming
- Project Management
- Database Management

In keeping with the focus on financial system stability, the Bank in conjunction with major international financial agencies hosted one regional conference and two in-country training courses to assist Bank Examiners to cope with the challenges in the evolving financial landscape:

Bank Soundness from a Macroeconomic Perspective, January 17 – 19 2000.

Risk Focussed Supervision Seminar, August 16 – 18 2000.

Market Risks Seminar, September 25 – 29 2000.

A Knowledge Management policy was instituted to require those who attended training programmes and conferences to evaluate the programmes and make presentations to other staff. In addition, these presentations are stored on the Bank's intranet for easy access by all staff.

The Bank also supports a study incentive scheme under which staff may either receive reimbursement of tuition and examination fees or soft loans depending on the course of study.

Industrial Relations

On May 8 2000 the Banking Insurance and General Workers Union (BIGWU) was certified by the Industrial Recognition and Certification Board as the recognised majority union for the staff in the designated bargaining units I and III which comprise support and professional staff respectively. As at September 2000, negotiations were in progress for new collective agreements for the period 2000 to 2002 for all staff, including Security staff represented by the Estate Police Association.

COMMUNICATION

The Bank continued to make available to the public, information on economic developments through its regular publications: the *Economic Bulletin* which is released in May, August and November, the *Monthly Statistical Digest* and the *Quarterly Statistical Digest*. In addition, the Bank continues to publish the *Annual Economic Survey* which reviews the performance of the economy during the previous calendar year.

The Bank has also been exploring other mechanisms for improving its communication with the wider public. The Bank's website was upgraded during the financial year to include additional information on the Bank and data on the economy. The website also makes available to the general public speeches made by senior officers which explain monetary policy initiatives and economic developments.

The School's Outreach Programme continues to provide information to students through visits by staff of the Research Department at the invitation of schools.

The Bank also accommodated thirteen tours by primary and secondary schools during the period. These tours consisted of a visit to the Bank's numismatic collection, the viewing of a slide presentation on the Bank and a lecture on the role and functions of the Bank.

Public Relations

The Fourteenth Eric Williams Memorial Lecture entitled *Growth and Stability in Latin America and Caribbean: Are we prepared for Globalisation?* was delivered on May 26 2000 by Dr. Eduardo Aninat, Deputy Managing Director, International Monetary Fund.

The Bank's Auditorium continued to be the preferred venue for a range of cultural activities which included ten theatrical productions and five concerts. On February 2 2000, the Bank sponsored a lecture/presentation entitled *Minshall and the Mas* by noted 'masman' Mr. Peter Minshall. This lecture/presentation was very well received by the public.

35th ANNIVERSARY CELEBRATIONS

The Bank was established by an Act of Parliament on December 12 1964. The year 1999 therefore marked the 35th Anniversary of its operational beginnings. The Bank recognised the occasion by the presentation of Long Service Awards to staff, the issue of commemorative coins and sponsorship of an essay writing competition for secondary school students.

Meetings Attended

The Bank was represented at the following international meetings and seminars in the financial year 1999/2000.

Name of Meeting	Date	Place
XXXII Annual Conference on Monetary Studies	October 18-21, 1999	Paramaribo, Suriname
IV Meeting of the Network of American Central Bank Researchers	October 1999	Santiago, Chile
CARICOM Central Bank Governors' Meetings	November 1999	Georgetown, Guyana
Seminar on Retail Payment Systems	November 1-2, 1999	Bridgetown, Barbados
Government of Japan Youth Invitation Programme on Finance	December 1-10, 1999	Japan
Third Meeting of the Council for Finance and Planning (COFAP)	January 23-27, 2000	St. John's, Antigua
XII Technical Group Meeting of the Intergovernmental Group of 24 on International Monetary Affairs	March 1-3, 2000	Lima, Peru
Spring Meetings of the International Monetary Fund and the World Bank	April 14-17, 2000	Washington D.C., USA
Meetings of the Multilateral Development Banks on the HIPC Initiative	April 18, 2000	Washington D.C., USA
CARICOM Central Bank Governors' Meetings	May 5, 2000	Kingston, Jamaica
Annual Meeting of the Board of Governors of the Caribbean Development Bank	May 9-10, 2000	Nassau, The Bahamas
Annual Meeting of the Inter-American Development Bank	March 2000	New Orleans, USA
IMF High Level Policy Seminar on Implementing Inflation Targets	March 2000	Washington D.C., USA
Annual Meetings of the IMF and the World Bank	September 2000	Prague, Czech Republic

Financial Statements

PART III
FINANCIAL STATEMENTS

Financial Statements for the Year ended September 30 2000 are shown on pages 37 to 45.

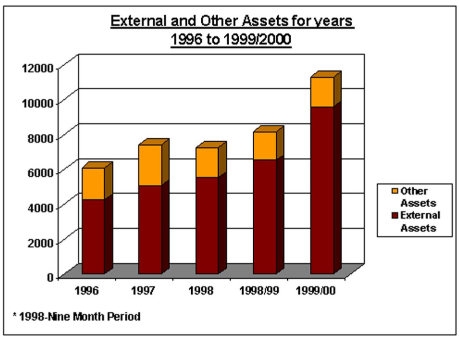
Financial Highlights

As at September 30 2000, assets and liabilities of the Bank were higher by about 39 percent from a year earlier. The surplus generated for the year before provisions for depreciation and other provisions was $272.9 million compared to $259.3 million for the previous year. The amount to be transferred to the Consolidated Fund of the Government of Trinidad and Tobago is $81.1 million, $5.2 million higher than for the year ended September 30 1999.

Balance Sheet

External assets, the major component of the Bank's Total Assets, comprised 85 percent of total assets at the end of the year, up from 80 percent at the previous year's end *(chart1).*

Chart1.



The increase in external assets, year-on-year was 47 percent. The higher levels of external assets resulted from increased foreign currency receipts, tax and other payments made by companies operating in the energy sector and from borrowings by Government on the international market. Increases in liabilities were mainly accounted for by higher Government balances held at the Central Bank arising in large part from net borrowings on the domestic and international market of $1,874.9 million.

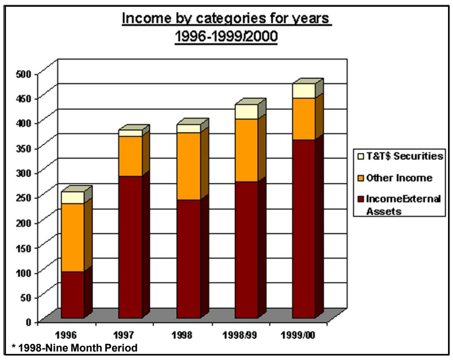
The paid-up capital of the Bank was increased through the statutory provisions of Section 28(c) of the Central Bank (Amendment) Act 1994, which require that the Bank transfer annually, an amount of not less than fifteen (15) percent of its annual net surplus to its paid-up capital until the paid-up capital is equal to the authorised capital. An amount of $16.2 million was therefore transferred to paid-up capital which now stands at $83.6 million. The authorised capital of the Bank is $100 million.

The Bank also strengthened its General Reserve Fund for which provision is made under Section 29(3) of the Act, which authorises the Bank to transfer an amount which does not exceed ten (10) percent of the net surplus in any financial year. For the financial year ended September 30 2000, the amount transferred was $10.8 million.

Income

Gross Income of the Bank amounted to $471.4 million an increase of 9.6 percent from the previous year. Income from foreign currency assets was 30.5 percent higher than the previous year reflecting in large part the growth in external assets *(chart2).*

Chart2.



Expenditure

Total expenses were also somewhat higher, $198.5 million compared with $171.0 million for the previous year, due mainly to increased interest expenses on larger deposit liabilities. Interest expenses constituted 45.8 percent of total expenses.

After provisions for depreciation and other provisions, the net surplus realised was $81.1 million, which is to be transferred to the Consolidated Fund in accordance with Section 29 of the Central Bank (Amendment) Act 1994.

REPORT OF THE AUDITOR GENERAL

1. The accompanying Financial Statements of the Central Bank of Trinidad and Tobago for the year ended 2000 September 30 have been audited. The Financial Statements of the Central Bank of Trinidad and Tobago comprise a Balance Sheet as at 2000 September 30, a Statement of Earnings and a Cash Flow Statement for the year ended 2000 September 30 and Notes to the Financial Statements for the year ended 2000 September 30, numbered one (1) to fifteen (15).

2. These Financial Statements are the responsibility of the management of the Central Bank of Trinidad and Tobago. The Auditor General's responsibility is to audit these Financial Statements and to report thereon in accordance with section 52 of the Central Bank Act, Chapter 79:02.

3. The examination was conducted in accordance with generally accepted Auditing Standards. These Standards require that the audit be planned and performed in order to obtain reasonable assurance about whether the Financial Statements are free of material mis-statement.

4. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of information in the Financial Statements. The Auditor General is of the view that the audit which was conducted provides a reasonable basis for the opinion expressed at paragraph 5.

5. The Financial Statements and Notes attached, as outlined at paragraph 1 above, are in agreement with the books of the Central Bank of Trinidad and Tobago and present fairly, in all material respects, the state of affairs of the Central Bank of Trinidad and Tobago as at 2000 September 30 and the results of its operations and its cash flows for the year ended 2000 September 30 in accordance with generally accepted accounting principles.

Jocelyn Thompson

2000 DECEMBER 21

Joycelyn Thompson
AUDITOR GENERAL

BALANCE SHEET

as at September 30 2000

(Expressed in Trinidad and Tobago Dollars)

ASSETS

	NOTE	Sept. 30 2000 $000	Sept. 30 1999 $000
EXTERNAL ASSETS			
Foreign Currency Deposits		**6,239,721**	3,115,187
US Dollar Securities		**3,069,228**	3,131,967
Other Foreign Currency Securities		**84,346**	94,087
International Monetary Fund - Holdings of Special Drawing Rights		**864**	1,096
Foreign Interest Receivable		**78,688**	65,234
Subscription to Int'l Financial Institutions		**110,005**	110,005
		9,582,852	6,517,576
OTHER ASSETS			
Trinidad and Tobago Dollar Securities (cost $395,555,058)		**395,555**	379,926
Net Pension Asset		**114,753**	-
Other		**925,234**	962,991
		1,435,542	1,342,917
FIXED ASSETS	3	**272,830**	282,897
		11,291,224	8,143,390

LIABILITIES, CAPITAL AND RESERVES

	NOTE	Sept. 30 2000 $000	Sept. 30 1999 $000
DEMAND LIABILITIES			
Notes in Circulation		**1,291,444**	1,245,145
Coins in Circulation		**70,228**	66,542
Deposits by Commercial Banks		**2,708,039**	2,924,541
Deposits by (Non-Banking) Financial Institutions		**513,448**	498,658
Deposits in Foreign Currencies		**155,830**	149,765
Other Deposits		**4,178,717**	1,413,924
		8,917,706	6,298,575
OTHER LIABILITIES			
International Monetary Fund - Allocation of Special Drawing Rights		**382,745**	392,347
Provision for payment into the Consolidated Fund		**81,109**	75,888
Other		**1,246,771**	782,587
Provision for Contingencies	4	**392,648**	469,519
		2,103,273	1,720,341
CAPITAL AND RESERVES			
Capital: Authorised $100,000,000			
Issued and fully paid-up	5	**83,585**	67,363
General Reserve Fund	6	**67,926**	57,111
Pension Reserve Fund	7	**118,734**	-
		270,245	124,474
		11,291,224	8,143,390

The attached notes form an integral part of the Accounts.

Deputy Governor **Senior Manager, Finance & Administration**

STATEMENT OF EARNINGS

for the year ended September 30 2000
(Expressed in Trinidad and Tobago Dollars)

	NOTE	Sept. 30 2000 $000	Sept. 30 1999 $000
INCOME			
Interest on Sterling Balances and Securities		**21,649**	46,490
Interest on U.S. Dollar Balances and Securities		**330,628**	225,800
Interest on Other Foreign Currency Balances and Securities		**6,885**	2,739
Interest on Trinidad and Tobago Dollar Securities		**29,367**	29,174
Other Income		**82,885**	126,128
TOTAL INCOME		**471,414**	430,331
LESS EXPENDITURE			
Printing, Minting and Other Expenses on Notes and Coins		**25,174**	23,443
Interest Paid		**90,915**	69,210
Other Operating Expenses		**82,389**	78,393
TOTAL EXPENDITURE		**198,478**	171,046
SURPLUS BEFORE DEPRECIATION AND OTHER PROVISIONS		**272,936**	259,285
Less: Provision for depreciation		**15,763**	14,901
Other Provisions	8	**149,027**	143,201
		108,146	101,183
Transfer to Paid Up Capital	9	**16,222**	15,177
Transfer to General Reserve		**10,815**	10,118
NET SURPLUS		**81,109**	75,888

The attached notes form an integral part of the Accounts.

CASH FLOW STATEMENT

for the year ended September 30 2000
(Expressed in Trinidad and Tobago Dollars)

	Sept. 30 2000 $000	Sept. 30 1999 $000
CASH PROVIDED BY OPERATING ACTIVITIES		
Net Profit for the Year	**81,109**	75,888
Adjustment to reconcile net profit for the year to net cash provided (used) by operating activities:		
Depreciation	**15,763**	14,901
Gain on disposal of fixed assets	**(70)**	(121)
Loss on disposal of fixed assets	**13**	17
Transfer to General Reserve	**10,815**	10,118
Transfer to Paid up Capital	**16,222**	15,177
Net cash provided by operating activities	**123,852**	115,980
CASH FLOWS FROM INVESTING ACTIVITIES		
International Monetary Fund Holding of Special Drawing Rights	**232**	(700)
Overseas Securities	**72,480**	(869,653)
T&T Government Securities	**(15,629)**	41,250
Additions to Fixed Assets	**(5,709)**	(15,722)
Proceeds from Disposal of Fixed Assets	**70**	233
Foreign Interest	**(13,454)**	(6,711)
Net Pension Assets	**(114,753)**	-
Other Assets	**37,757**	61,492
Net Cash used by Investing Activiities	**(39,006)**	(789,811)
Payment to Treasury	**(75,888)**	(59,208)
Notes and Coins in Circulation	**49,985**	115,905
Deposits by Non Financial Institutions	**14,790**	106,401
Deposits of Commercial Banks	**(216,502)**	248,214
Deposits by International Monetary Fund	**(9,602)**	1,433
Other Deposits	**2,764,793**	214,328
Foreign Liabilities	**6,065**	9,110
Other Liabilities	**387,313**	144,747
Pension Reserve	**118,734**	-
Net Cash Provided by Financing Activities	**3,039,688**	780,930
Net Increase/(Decrease) in Cash	**3,124,534**	107,099
Cash at Beginning of Year	**3,115,187**	3,008,088
Cash at End of Year	**6,239,721**	3,115,187
Balances held abroad	**6,239,721**	3,115,187

NOTES TO FINANCIAL STATEMENTS

for the period ended September 30 2000

1. INCORPORATION AND PRINCIPAL ACTIVITIES

The Central Bank of Trinidad and Tobago was established as a body corporate in 1964 under the Central Bank Act (Chapter 79:02) (The Act) with its principal purpose being the promotion of such monetary credit and exchange conditions as are most favorable to the development of the economy of Trinidad and Tobago. The Bank has the exclusive right to issue and redeem currency notes and coins in Trinidad and Tobago and is empowered, inter alia, to act as banker for, and render economic, financial and monetary advice to the Government of Trinidad & Tobago; open accounts for and accept deposits from the Government, local Government, statutory bodies, commercial banks and other financial institutions; purchase from, sell and discount, bills of exchange and promissory notes on behalf of, and make advances to the above institutions; purchase and sell foreign currencies and securities of other Governments and international financial institutions.

2. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared on the historical cost convention and no account has been taken of the effects of inflation in these accounts. The Statements have also been prepared so as to comply with the requirements of the Central Bank Act and with reference to International Accounting Standards in so far as they are appropriate.

(b) Fixed Assets - Depreciation

Fixed Assets are recorded at cost of acquisition. Additions or improvements to assets which significantly add to the value of or extend the useful life of such assets are capitalised as part of the cost. When an asset is retired or sold the cost and accumulated depreciation are extracted from the respective accounts and the gain or loss is dealt with in the Earnings Statement. Depreciation is charged on a straight-line basis, as follows:

Furniture	10% - 12 1/2%
Fixtures & Fittings	2%
Motor Vehicles	33 1/3%
Machinery & Equipment	12 1/2% - 33 1/3%
Leasehold Properties	over the period of the lease
Central Bank Building	2%
Library Books	10%

(c) Foreign Currencies

Assets and Liabilities denominated in Foreign Currencies are recorded at book rates established by the Bank during the year. At Balance Sheet date they are converted at market rates of exchange for the particular currency in terms of the TT Dollar. Changes in fair values are recognised in the Income Statement for the period. During the year foreign currency transactions are translated into Trinidad and Tobago dollars at the exchange rates ruling at the date of the transactions. Gains or Losses on exchange which arise from normal trading activities are included in the determination of Income.

(d) Securities

Securities are shown at the lower of cost or market value. While no distinction is made between current and long-term assets, securities are regarded as being available for current operations if required.

(e) Printing and Minting Expenses

The cost of printing currency notes is written off as an expense in the year of receipt of such notes while the cost of minting coins is written off as an expense over a period of five (5) years.

(f) Bad and Doubtful Debts

Pursuant to Section 29 of the Central Bank (Amendment) Act 1994, provision is made in the Accounts for bad and doubtful debts. In this regard the relevant assets are shown net of an amount which in the opinion of the Directors is required as a specific provision.

(g) Employee Benefits

On October 1, 1999 the Bank implemented IAS 19 (Revised 1998) – Employee Benefits, and accounted for the transitional assets and liabilities through the Income Statement for year ended September 30, 2000. The objective of this standard is to prescribe the accounting and disclosure requirements of employee benefits.

(h) Pension Obligations

The Bank operates a defined benefit final salary pension plan, the assets of which are held in a separate trustee-administered plan. The pension accounting costs are assessed using the projected unit credit method and under this method, the cost of providing pensions is charged to the Income Statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the pension plan every three years. The last valuation was carried out for the three years ended September 30 1999.

Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gain or loss exceeds the greater of 10 percent of the defined benefit obligation and 10 percent of the fair value of the plan assets.

(i) Income and Expenses

All significant items of Income and Expenditure are accounted for on an accrual basis.

3. FIXED ASSETS

	Land & Buildings	Long Lease Property	Short Lease Property	Motor Vehicles, Machinery & Equipment	Furniture, Fixtures & Fittings, Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000
COST						
At September 30, 1999	339,537	3,596	92	70,828	23,415	437,468
Additions (Expenditure at cost)	-	2	-	3,425	2,287	5,714
Adjustment at September 30, 1999	-	-	-	(5)	-	(5)
Disposals during the year	-	(1)	-	(2,963)	(61)	(3,025)
At September 30, 2000	339,537	3,597	92	71,285	25,641	440,152
ACCUMULATED DEPRECIATION						
At September 30, 1999	94,278	865	92	46,797	12,539	154,571
Provision for the year	6,734	115	-	7,816	1,097	15,762
Disposals during the year	-	(1)	-	(2,953)	(57)	(3,011)
At September 30, 2000	101,012	979	92	51,660	13,579	167,322
NET BOOK VALUES						
At September 30, 2000	**238,525**	**2,618**	-	**19,625**	**12,062**	**272,830**
NET BOOK VALUES						
At September 30, 1999	245,259	2,732	-	24,031	10,876	282,897

4. PROVISION FOR CONTINGENCIES, ETC.

The Bank follows a policy of providing for all known and foreseeable expenditure or losses in the accounts. In addition to specific provisions for bad and doubtful debts and known contingencies which have been provided for, the Bank has also adopted a prudential approach of provisioning to preserve sufficient funds to provide for adverse trading developments and contingencies that may arise from its activities.

5. ISSUED & FULLY PAID UP CAPITAL

Provision is made in Section 28(c) of the Central Bank (Amendment) Act, 1994 for the Paid Up Capital of the Bank to be increased each year by an amount of not less than fifteen percent (15%) of the amount to be paid into the Consolidated Fund. For the year ended September 30, 2000 the Paid Up Capital was increased by an amount of $16,222,000, equivalent to 15% (1999 $15,177,000).

6. GENERAL RESERVE FUND

Pursuant to Section 29 (3) of the Central Bank (Amendment) Act, 1994 the Bank may place in the General Reserve Fund or the Special Reserve Fund, or in both, an amount not exceeding ten percent (10%) of the Net Profit of the Bank for a financial year. An amount of $10,815,000, equivalent to 10%, was credited to the General Reserve Fund for the year ended September 30, 2000 (1999 $10,118,000).

7. PENSION RESERVE FUND

As a result of the implementation of International Accounting Standard (IAS) 19(R) an amount of $118.7 million was credited to a Special Reserve Fund subject to approval by the Minister of Finance.

8. OTHER PROVISIONS - EARNINGS STATEMENT

Provisions are made within the meaning of Section 29 of the Central Bank (Amendment) Act 1994 and comprise the following:

1999 $000		2000 $000
90,907	Contingencies	91,420
48,573	Depreciation of Foreign Balances & Securities	57,607
3,721	Payment for shares not yet tendered on Merger Arrangement	-
143,201	Total Provisions	149,027

9. CAPITAL AND RESERVES

	Paid Up Capital $000	General Reserve $000	Profit & Loss A/c. $000
Balance at September 30 1999	67,363	57,111	75,888
Profit for the year before Appropriation	-	-	108,146
Transfer to Paid Up Capital	16,222	-	(16,222)
Transfer to General Reserves	-	10,815	(10,815)
Payment to Consolidated Fund	-	-	(75,888)
Balance at September 30, 2000	83,585	67,926	81,109

10. TAXATION

Section 55 of the Central Bank Act Chapter 79:02 exempts the Bank from the provisions of any Act relating to income taxation, company taxation and from the payment of stamp duties.

11. PENSION PLAN

The amounts recognised in the Balance Sheet are as follows:

	Year End 30/09/99 $000	Year End 30/09/00 $000
Defined Benefit Obligation	99,065	103,231
Fair Value of Assets	(229,318)	(259,176)
	(130,253)	(155,945)
Unrecognised gains/(Loss)	-	13,089
Un-utilized Assets	11,519	28,103
Net IAS 19 Defined Liability /(Asset)	**(118,734)**	**(114,753)**

Reconciliation of Opening and Closing Defined Benefit Assets

	1999/2000 $000
Opening Defined Asset	(118,734)
Plus Pension Cost	5,252
Less Bank Contribution Paid	(1,271)
Closing Defined Asset	**(114,753)**

The amounts recognised in the Income Statement are as follows:

	1999/2000 $000
Current Service Cost	3,096
Interest on Defined Benefit Obligation	8,434
Expected Return on Plan Assets	(22,862)
Movement in Un-utilised Assets	16,584
Net Pension Cost	**5,252**

Return on Plan Assets

	1999/2000 $000
Expected Return on Plan Assets	22,862
Actuarial Gain/(Loss) on Plan Assets	8,426
Actual Return on Plan Assets	**31,288**

Actuarial Assumptions

Discount rate	8.5% – 9.5%
Expected return on Plan assets	10%
Projected future rate of salary increase	7%
Value of Pension Scheme Assets	Market value at Balance Sheet date

12. CAPITAL COMMITMENTS

There were no outstanding commitments for capital expenditure at September 30, 2000 (1999 - NIL).

13 CONTINGENT LIABILITIES

Contingent Liabilities have arisen in the normal course of business. These comprise several High Court actions brought against the Bank for which unspecified damages have been claimed. The majority of these matters have not yet been listed for hearing and consequently it is not possible to quantify an amount for damages at this time as these matters are not likely to be settled in the forseeable future.

14. RELATED ENTERPRISES

Section 36 (g) of the Central Bank Act, Chapter 79:02 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 Ordinance, for the purpose of promoting the development of a money or securities market in Trinidad and Tobago or for financing the economic development of Trinidad and Tobago.

(a) Deposit Insurance Corporation

The Central Bank holds the total Issued Capital of the Deposit Insurance Corporation in the amount of $1,000,000. The Accounts of the Corporation are not consolidated with the Bank's Accounts because the operations, control, assets and liabilities of the Corporation are governed by the provisions of the Central Bank Act and Financial Institutions (Non-Banking) (Amendment) Act 1986. A separate set of financial accounts are prepared and published annually by the Corporation.

(b) Unit Trust Corporation

The Bank has an investment of $2,500,000 in the initial Issued Capital of $5,000,000 of the Unit Trust Corporation.

15. STATEMENT ON ASSETS AND LIABILITIES

The Bank, to the best of its knowledge, has accounted for all its assets and liabilities at September 30, 2000. There are no material overstatements or understatement of the Bank's assets and no material overstatement or understatement of the Bank's liabilities.

APPENDIX I
OPERATIONAL STATISTICS

TABLE A.1

Currency in Circulation
1997 - September 2000
(Dollars Thousand)

End of Month	Notes (Old TT)	Notes (Republic)	Total Notes In Circulation	Coins	Total Currency In Circulation
1997	19,094	1,252,438	1,271,532	59,642	1,331,174
1998	19,092	1,114,388	1,133,480	62,261	1,195,741
1999					
September	19,092	1,226,009	1,245,101	66,543	1,311,644
October	19,092	1,214,393	1,233,485	66,976	1,300,461
November	19,092	1,267,388	1,286,480	6,750	1,293,230
December	19,092	1,669,060	1,688,152	68,266	1,756,418
2000					
January	19,092	1,271,247	1,290,339	67,750	1,358,089
February	19,092	1,307,491	1,326,583	68,014	1,394,597
March	19,092	1,279,938	1,299,030	68,058	1,367,088
April	19,092	1,296,362	1,315,454	68,325	1,383,779
May	19,092	1,258,609	1,277,701	68,812	1,346,513
June	19,092	1,253,674	1,272,766	69,053	1,341,819
July	19,091	1,262,523	1,281,614	69,284	1,350,898
August	19,091	1,284,295	1,303,386	69,850	1,373,236
September	19,091	1,272,353	1,291,444	70,227	1,361,671

TABLE A.3

Financial Institutions
Average Deposit Liabilities, Required Cash Reserves and Actual Cash Reserves for the Financial Year Ending September 2000

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves (21%) ($000)	Average Actual Cash Reserves ($000)
05-Oct-99	11,995,395	2,519,033	2,519,070
12-Oct-99	11,976,662	2,515,099	2,497,231
19-Oct-99	12,007,448	2,521,564	2,521,674
26-Oct-99	11,949,157	2,509,323	2,509,647
02-Nov-99	11,940,238	2,507,450	2,507,635
09-Nov-99	11,950,005	2,509,501	2,509,609
16-Nov-99	11,964,862	2,512,621	2,512,662
23-Nov-99	11,984,376	2,516,719	2,516,789
30-Nov-99	12,022,876	2,524,804	2,524,865
07-Dec-99	12,065,657	2,533,788	2,537,081
14-Dec-99	12,070,533	2,534,812	2,535,094
21-Dec-99	12,032,086	2,526,738	2,526,715
28-Dec-99	11,985,733	2,517,004	2,513,767
04-Jan-00	11,980,076	2,515,816	2,485,175
11-Jan-00	11,965,914	2,512,842	2,505,567
18-Jan-00	12,016,367	2,523,437	2,523,574
25-Jan-00	12,035,014	2,527,353	2,547,083
01-Feb-00	11,974,819	2,514,712	2,516,320
08-Feb-00	11,895,576	2,498,071	2,498,280
15-Feb-00	11,926,548	2,504,575	2,504,712
22-Feb-00	11,927,329	2,504,739	2,505,352
29-Feb-00	11,976,143	2,514,990	2,515,177
07-Mar-00	12,062,305	2,533,084	2,533,421
14-Mar-00	12,038,138	2,528,009	2,528,063
21-Mar-00	12,072,019	2,535,124	2,535,159
28-Mar-00	12,049,324	2,530,358	2,530,394
04-Apr-00	12,045,271	2,529,507	2,529,974
11-Apr-00	12,085,476	2,537,950	2,537,688
18-Apr-00	12,163,257	2,554,284	2,554,434
25-Apr-00	12,178,010	2,557,382	2,559,558
02-May-00	12,113,614	2,543,859	2,543,901
09-May-00	12,017,333	2,523,640	2,523,683
16-May-00	11,947,419	2,508,958	2,509,170
23-May-00	12,015,471	2,523,249	2,436,474
30-May-00	12,071,805	2,535,079	2,538,522
06-Jun-00	12,099,086	2,540,808	2,540,017
13-Jun-00	12,074,324	2,535,608	2,535,738
20-Jun-00	11,996,667	2,519,300	2,519,327
27-Jun-00	11,973,752	2,514,488	2,508,830
04-Jul-00	12,032,533	2,526,832	2,526,917
11-Jul-00	12,071,671	2,535,051	2,534,270
18-Jul-00	12,115,290	2,544,211	2,544,276
25-Jul-00	12,168,148	2,555,311	2,525,411
01-Aug-00	12,155,262	2,552,605	2,571,844
08-Aug-00	12,148,410	2,551,166	2,551,232
15-Aug-00	12,209,352	2,563,964	2,563,992
22-Aug-00	12,228,543	2,567,994	2,568,030
29-Aug-00	12,287,286	2,580,330	2,580,494
05-Sep-00	12,365,019	2,596,654	2,596,775
12-Sep-00	12,307,852	2,584,649	2,584,688
19-Sep-00	12,296,862	2,582,341	2,582,408
26-Sep-00	12,235,229	2,569,398	2,569,480

TABLE A.4

Non-Bank Financial Institutions
Average Deposit Liabilities, Required Cash Reserves
and Actual Cash Reserves
for the Financial Year Ending September 2000

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves (9%) ($000)	Average Actual Cash Reserves ($000)
05-Oct-99	5,366,867	483,018	485,946
12-Oct-99	5,367,500	483,075	483,891
19-Oct-99	5,373,311	483,598	484,423
26-Oct-99	5,353,978	481,858	482,954
02-Nov-99	5,346,089	481,148	482,552
09-Nov-99	5,333,511	480,016	481,716
16-Nov-99	5,328,478	479,563	481,478
23-Nov-99	5,319,911	478,792	480,642
30-Nov-99	5,290,289	476,126	477,784
07-Dec-99	5,278,233	475,041	476,853
14-Dec-99	5,258,144	473,233	474,622
21-Dec-99	5,239,622	471,566	472,549
28-Dec-99	5,237,667	471,390	472,324
04-Jan-00	5,252,578	472,732	473,687
11-Jan-00	5,267,222	474,050	477,455
18-Jan-00	5,302,889	477,260	478,268
25-Jan-00	5,340,444	480,640	481,584
01-Feb-00	5,381,744	484,357	485,440
08-Feb-00	5,416,822	487,514	488,682
15-Feb-00	5,453,167	490,785	491,977
22-Feb-00	5,485,511	493,696	494,759
29-Feb-00	5,482,444	493,420	494,584
07-Mar-00	5,505,856	495,527	496,417
14-Mar-00	5,519,367	496,743	497,747
21-Mar-00	5,514,178	496,276	497,266
28-Mar-00	5,524,078	497,167	498,280
04-Apr-00	5,509,700	495,873	498,858
11-Apr-00	5,519,400	496,746	498,710
18-Apr-00	5,522,533	497,028	498,393
25-Apr-00	5,508,722	495,785	497,504
02-May-00	5,498,989	494,909	495,726
09-May-00	5,421,444	487,930	488,091
16-May-00	5,343,211	480,889	485,931
23-May-00	5,269,833	474,285	475,095
30-May-00	5,156,922	464,123	464,797
06-Jun-00	5,082,289	457,406	458,114
13-Jun-00	5,027,144	452,443	451,379
20-Jun-00	4,980,511	448,246	449,158
27-Jun-00	4,974,433	447,699	448,516
04-Jul-00	5,005,056	450,455	451,222
11-Jul-00	5,034,256	453,083	453,517
18-Jul-00	5,093,789	458,441	458,860
25-Jul-00	5,170,922	465,383	465,800
01-Aug-00	5,219,378	469,744	470,360
08-Aug-00	5,271,033	474,393	475,075
15-Aug-00	5,303,244	477,292	477,897
22-Aug-00	5,333,256	479,993	480,526
29-Aug-00	5,368,778	483,190	483,743
05-Sep-00	5,437,256	489,353	489,904
12-Sep-00	5,518,478	496,663	497,445
19-Sep-00	5,583,289	502,496	503,186
26-Sep-00	5,630,244	506,722	507,390