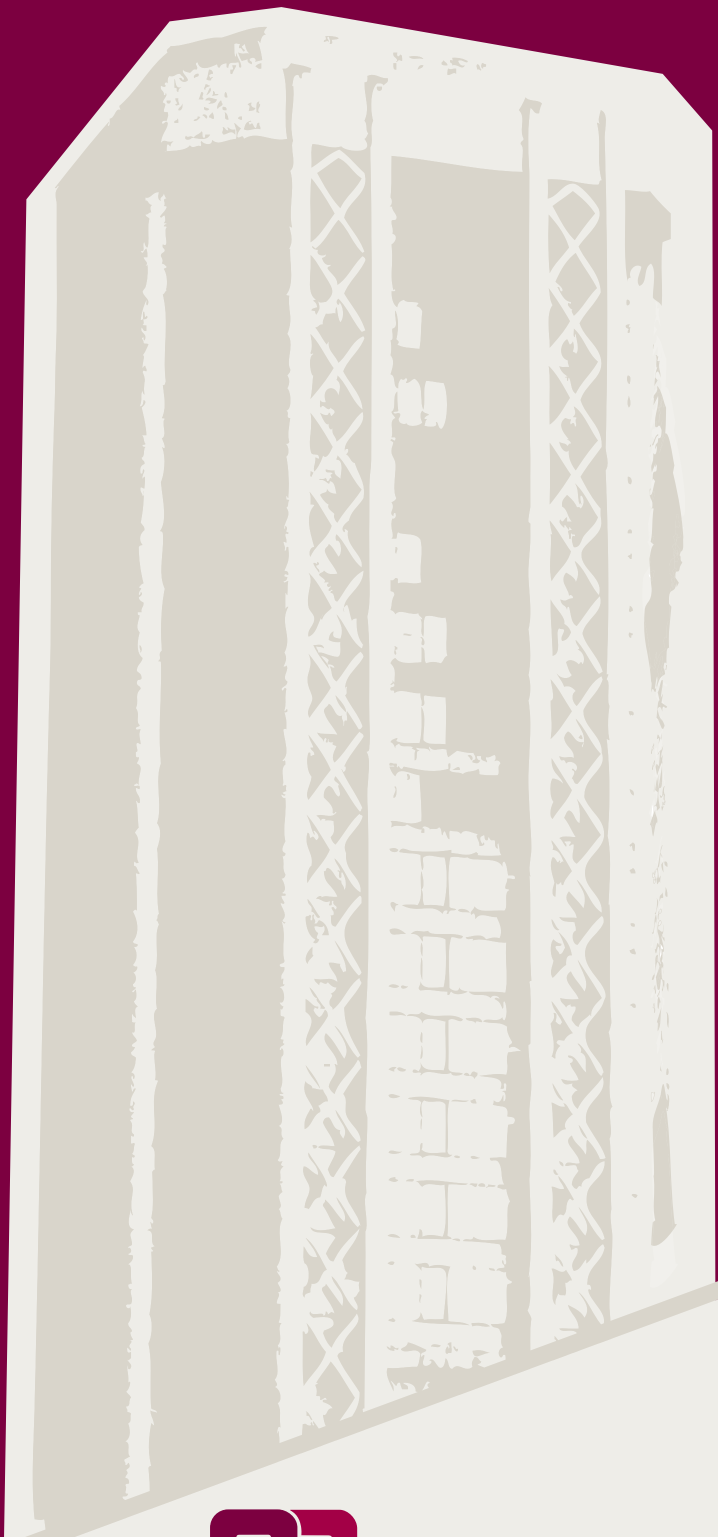

2008 ANNUAL REPORT

CENTRAL BANK OF TRINIDAD & TOBAGO

ISSN 0069-1593

Letter of Transmittal

CENTRAL BANK OF
TRINIDAD & TOBAGO

Ewart S. Williams
Governor

December 31, 2008

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

REF: CB-G: 196/08

Dear Minister Tesheira

In accordance with Section 53(1) of the Central Bank Act Chap.79:02, I enclose herewith the Report of the Central Bank of Trinidad and Tobago for the year ended September 30, 2008, together with a copy of the Annual Audited Statement of Accounts certified by the Auditors.

Yours sincerely,

Ewart S. Williams

encl.

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.

Governor's Foreword

Ewart S. Williams
Chairman of the Board
Governor

The year 2008 was a difficult one for many central banks as they grappled with the continuing fallout from the global financial crisis. World GDP growth slowed and with real output contracting sharply in the fourth quarter of 2008 and the first quarter of 2009 a severe recession is expected in 2009. Central banks in both industrialised and emerging market economies used a variety of traditional as well as unorthodox tools to implement macroeconomic policy aimed at maintaining financial stability. What has been even more unprecedented however, is the extent of government intervention in the financial systems of the industrialised economies. Against this background, world global growth slowed to 3.1 per cent in 2008 and is estimated to decline in 2009 (-1.4 per cent) before recovering in 2010 (2.5 per cent). The dampening of economic activity in the second half of 2008 contributed to a weakening of inflationary pressures in the industrialised economies as commodity prices, especially agricultural raw materials, retreated from the highs of mid 2008.

In Trinidad and Tobago a similar slowing is anticipated as economic growth decelerated to 2.3 per cent in 2008 and is expected to remain flat in 2009. The slowdown is evident in both the energy and non-energy sectors.

For most of the year, export commodity prices surged to new highs and this contributed to a strengthening of the external accounts. The current account surplus was estimated at 25 per cent of GDP in 2008 compared with 20 per cent the previous year. Gross official reserves stood at US$9.4 billion, equivalent to 10.8 months of imports in December 2008.

Inflationary pressures persisted throughout the year and headline inflation rose to the highest level in over 14 years, reaching 14.8 per cent (on a year-on-year basis) in September 2008. The spike in inflation was led by a surge in food prices, which rose from 16.6 per cent year-on-year in October 2007 to 34.6 per cent year-on-year in September 2008. In an effort to curb the underlying inflationary pressures, the Bank utilised a range of monetary policy tools, including changes in the repo rate, increases in the reserve ratios of the commercial banks and a large increase in the sale of government securities. In the first half of 2009 there was a marked deceleration in headline inflation which returned to single digits (8.4 per cent) in June.

A major achievement in December 2008 was the passage of the Financial Institutions

Governor's Foreword

Act, 2008 which provides the Bank with the legal authority to take early corrective and preventative action to protect depositors. In addition, the new legislation now formalises consolidated supervision and addresses other important issues such as related-party lending, corporate governance and the supervision of financial holding companies.

At the end of January 2009, a major financial conglomerate began to experience financial distress causing the Central Bank to intervene in the operations of three of its financial subsidiaries - two insurance companies and an investment bank. While the contagion effect of the problems faced by these institutions has been contained, the crisis has underscored the need to intensify the supervision of large conglomerates. In addition, the crisis has also put into perspective the close integration of the region's financial systems and the need not only for ongoing regional collaboration and discussion but also the establishment of a region wide crisis-management plan.

The Bank's work programme, established in its three year Strategic Plan is currently being implemented. During 2009, the major emphasis will continue to be on improving financial sector regulation and supervision, including the completion of the Insurance and Credit Union Acts.

The short term economic outlook suggests that there would need to be close coordination of monetary and fiscal policy in 2009-2010 to support economic recovery while containing inflation to acceptable levels. The Bank is confident that the economy will emerge from the current downturn stronger and better equipped to achieve the goals set out in the government's long term economic plan.

Governor
Ewart S. Williams

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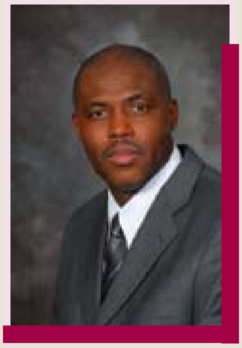
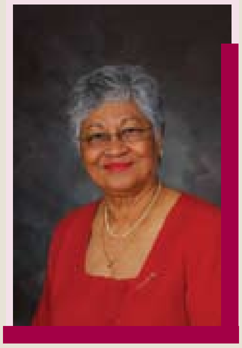
Chairman of the Board
Governor

Dr. Shelton Nicholls
Executive Director
Deputy Governor



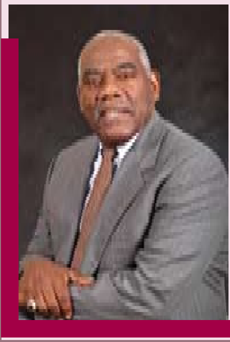
Ms. Alison Lewis
Date of Appointment:
November 12, 2004
Public Service Director
Permanent Secretary,
Ministry of Finance

Ms. Barbara Chatoor
Date of Appointment:
July 01, 2006
Ordinary Director
B.A., National University
of Ireland
Diploma in Education,
UWI, St. Augustine

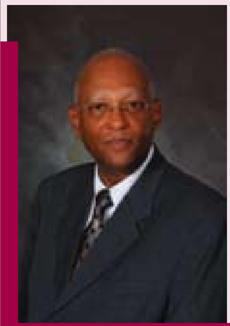


Ms. Amelia Carrington
Date of Appointment:
April 10, 2006
Ordinary Director
Attorney-at-Law

Prof. Selwyn Cudjoe
Date of Appointment:
July 01, 2006
Ordinary Director
Ph.D. American Studies



Mr. Carlyle Greaves
Date of Appointment:
April 10, 2006
Ordinary Director
M.A. Development
Economics
M.A. Latin American
Development Studies

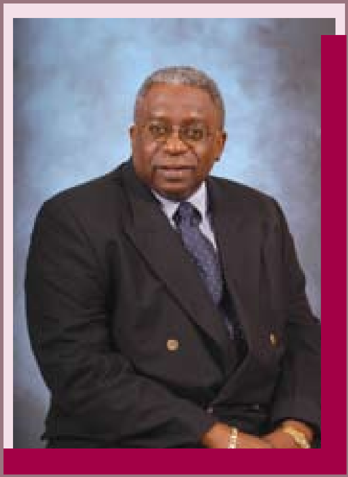


Mr. Norris Campbell
Date of Appointment:
July 7, 2007
Ordinary Director
Chartered Accountant
B.Sc. FCCA.

Ms. Joan John
Executive Director
Deputy Governor

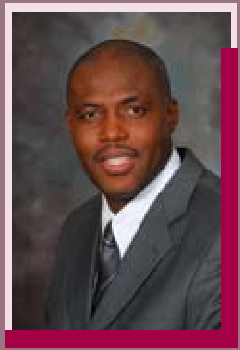
Senior Management

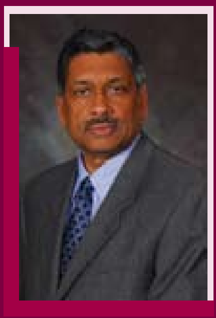
Mr. Ewart S. Williams
Governor



Ms. Joan John
Deputy Governor
Operations

Dr. Shelton Nicholls
Deputy Governor
Research & Policy





Mr. Carl Hiralal
Inspector of Financial
Institutions

Mrs. Nicole Crooks
Senior Manager
Human Resource
and Corporate Services

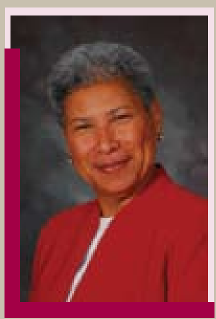
Mr. Alister Noel
Senior Manager
Operations

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

Ms. Wendy Ho Sing
Deputy Inspector
Financial Institutions

Mr. Patrick Solomon
Senior Manager
Risk Management and
Corporate Governance

Ms. Marie Borely
Financial Controller



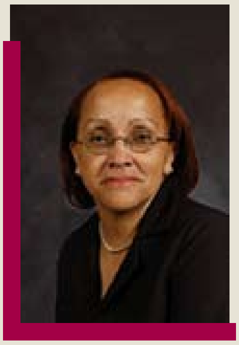
Managers and Departmental Heads

I. Mrs. Elizabeth Austin
Manager, National Financial Literacy Programme

II. Ms. Sharon Braithwaite
Manager, Supervision, Pensions and Financial Institutions Supervision

III. Ms. Nicole Chapman
Manager, Legal and Corporate Secretariat Services

I.



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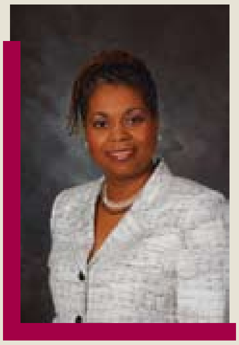

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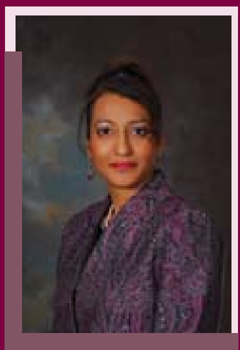

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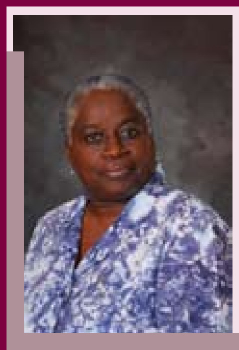

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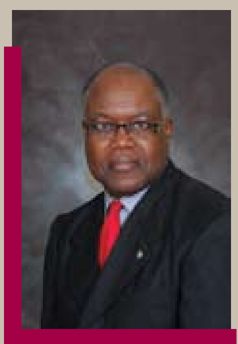

VII.

IV. Mrs. Zoraida Dookie
Manager, Information Technology Services

V. Dr. Penelope Forde
Advisor to the Governor

VI. Mr. Victor Maloney
Assistant Manager, Corporate Communications

VII. Mrs. Joycelyn Opadeyi
Manager, General and Facilities Services

Managers and Departmental Heads

VIII. Ms. Suzanne Roach
Manager, Internal Audit

IX. Mr. Lester Shim
Manager, Reserve Management

X. Mr. Carl Stewart
Manager, Regulations Unit Financial Institutions Supervision

VIII.

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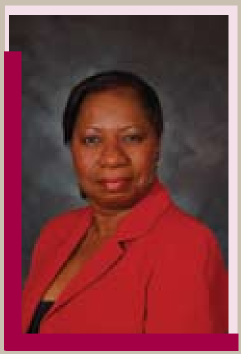


XI. Mrs. June Stewart
Manager, Knowledge and Information Management

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

XIII. Ms. Janice Woods
Manager, Banking Operations

Review of Activities 2007 - 2008

HIGHLIGHTS

The year 2008 witnessed a major slowing down in the international as well as the domestic economy. Nevertheless, the Bank was able to achieve some significant milestones:

- Passage of the Amendment to the Financial Institutions Act 1993.
- Completion of the Draft Insurance Bill.
- Successful negotiation of the amalgamation of RBTT Bank Limited and Royal Bank of Canada to form RBC Caribbean located in Trinidad and Tobago.
- Launch of the Automated Secondary Market Government Bond Trading Platform.
- Measures to tighten monetary policy including three increases in the reserve requirement of commercial banks.
- Completion of the database design and a data collection system for the Payments System.
- Shared the results of the National Financial Literacy Survey with the public.
- Publication of a booklet on motor insurance *In the Driver's Seat – Understanding Motor Insurance* to educate the public on the nature of the insurance product.
- Host of Caricom Central Bank Governors' Meetings which discussed the global financial crisis.
- Completion of an Employee Satisfaction Survey.
- Establishment of a Risk Management function.

MONETARY POLICY FORMULATION

International Economic Environment

The fallout from the collapse of the US sub-prime mortgage market has dominated financial markets in 2007/2008. A series of dramatic events in the United States including bankruptcy filings, 'forced' acquisitions and the insolvency of major financial institutions led to a lowering of investor confidence and a drying up of credit worldwide. These developments have had a major impact on the real economy, contributing to a reduction in world output in 2008 which is expected to worsen in 2009. Economic activity in the global economy, which expanded by 5 per cent in 2007, is estimated to slow to 3.9 per cent in 2008 and the increase in real GDP in 2009 is projected at 3 per cent.

While the US economy registered growth of 2.8 per cent in the first half of 2008, all indicators point to the onset of a recession as real GDP declined at an annual rate of 0.5 per cent in the third quarter of 2008. The Euro Area has also entered into a recession with two consecutive declines of 0.2 per cent in economic activity in the second and third quarters. In the developing world however, China and India are expected to register robust growth rates of 9.7 per cent and 7.9 per cent respectively, in 2008 compared with 13.0 per cent and 9.3 per cent respectively, in 2007.

In an effort to revive their economies and stabilise their financial systems, there was a significant degree of policy co-ordination between governments and Central Banks in the major developed economies. Governments in the United Kingdom, United States and European Union countries injected capital into financial institutions and increased coverage of the amounts guaranteed under deposit insurance, while Central Banks injected a significant quantum of liquidity into strained money markets, increased swap lines, broadened the range of assets eligible as collateral for central bank lending and co-ordinated a round of interest rate cuts. The Federal Reserve Board reduced its key short-term interest rate from 4.25 per cent at the end of 2007 to 0-0.25 per cent, its lowest rate ever by mid-December 2008. Over the same period, the Bank of England and the European Central Bank lowered rates by 400 basis points to 2.00 per cent and by 150 basis points to 2.50 per cent respectively.

Domestic Economy

On the domestic front, growth in the Trinidad and Tobago economy is estimated to decelerate to 3.5 per cent in 2008 from 5.5 per cent in 2007. Both the energy and the non-energy sectors have contributed to the slowdown in real GDP growth. The energy sector is projected to expand by 0.4 per cent in 2008 compared with 1.7 per cent in 2007, while the non-energy sector is expected to grow by 4.8 per cent compared with 7.7 per cent one year earlier.

The domestic economy continued to be challenged by rising inflation throughout the year. As a result, the Central Bank took a range of measures to tighten monetary policy. These included increases in both the "repo" rate and the commercial banks' reserve requirement, as well as increased open market operations including through the issuance of liquidity absorption bonds. The latter measure helped to absorb the high levels of excess liquidity that characterised the financial system during the year.

Throughout most of the year, commodity markets (oil, natural gas, etc.) remained buoyant and this contributed to a strengthening of the external accounts. By the close of the year however, commodity prices had retreated from the highs posted in the middle of the year. Nevertheless, in 2008, Trinidad and Tobago posted an external current account surplus of 25.0 per cent of GDP compared with 25.8 per cent in 2007. At the end of September 2008, net international reserves amounted to US$8,722.4 million, equivalent to 11.3 months of prospective imports.

Monetary Policy

In 2008, heightened inflationary pressures remained a major concern for the Central Bank. The inflation rate recorded its highest level in over 14 years, measuring 14.8 per cent on a year-on-year basis to September 2008, up from 7.3 per cent in the corresponding period of 2007. The sharp rise in the inflation rate was led by a surge in food prices which rose from 16.6 per cent (year-on-year) in October 2007 to 34.6 per cent (year-on-year) in September 2008. Moreover, core inflation, which filters out the impact of food prices, also increased substantially over the year, from 3.7 per cent (year-on-year) to October 2007 to 6.2 per cent (year-on-year) in September 2008.

In an effort to curb inflationary pressures, the Central Bank utilised a range of monetary policy tools. During the year, the 'repo' rate was increased by 25 basis points on three occasions: in February, July and September. By the end of September 2008, the 'repo' rate stood at 8.75 per cent. The Bank also raised the reserve requirement of the commercial banks on three occasions during 2008. The first increase from 11 per cent to 13 per cent occurred in February 2008, the second increase from 13 per cent to 15 per cent took place in July 2008 and in November 2008, there was a third increase to 17 per cent.

During the year, there was a large build-up in excess liquidity in the financial system. This resulted mainly from government's net fiscal injections which rose to $12,658 million, 3.8 per cent higher than in the previous year. In addition, the sale of RBTT to Royal Bank of Canada in June 2008 injected $2.6 billion into the financial system. In order to absorb the excess liquidity, the Bank intensified open market operations, increasing the net issue of open market treasury securities to $8,160 million from $3,458 million in the previous year. In addition, the Bank also issued a liquidity absorption bond in an amount of $1,200 million. During the year, foreign exchange sales by the Central Bank of US$900 million also helped to absorb some of the liquidity in the system.

Interest rates edged upwards over the year in response to the increases in the 'repo rate'. However, the transmission of the policy rate increases to market interest rates was muted by the high levels of liquidity in the system. The yield on the three-month treasury bill rose by only 8 basis points to 7.17 per cent over the year, that on the six-month bill increased by 22 basis points to 7.80 per cent, while that on the one-year bill rose by 12 basis points to 7.88 per cent. The overnight lending rate fluctuated over the year and fell by 50 basis points to 6.75 per cent at the end of September 2008, from 7.25 per cent as at the end of September 2007.

In the aftermath of the increases in the reserve requirement and the 'repo' rate, the commercial banks raised their prime lending rates on three separate occasions. The prime lending rate which stood at 11.75 per cent at the start of the financial year rose to 13.00 per cent by October 2008. This impacted the weighted average lending rate which increased to 11.26 per cent in September 2008 from 10.56 per cent at the end of September 2007. Over the same period, the weighted average deposit rate edged up by 12 basis points to 2.93 per cent in September 2008. As a result, spreads widened from 7.75 per cent to 8.33 per cent.

The increases in bank interest rates helped contain credit growth during the year. On a year-on-year basis to September 2008, credit granted by the consolidated financial system to the private sector increased by 11.8 per cent compared with an increase of 19.7 per cent one year earlier. Moreover, consumer credit, which had been growing at around 22 per cent on a year-on-year basis in October 2007, slowed to 11.4 per cent in September 2008. The growth of credit to business firms also moderated from 17.8 per cent to 9.4 per cent over the same period. Real estate mortgage loans trended downward on a year-on-year basis from 18.3 per cent in October 2007 to 17.8 per cent in September 2008.

Despite the slowdown in credit growth, the monetary aggregates continued to increase sharply during the year 2008, fuelled by the increase in nominal GDP and the RBTT/RBC transaction towards the middle of the year. Consequently M-1A (currency and demand deposits) increased by 24.7 per cent compared with an increase of 4.7 per cent in the previous year. Broad money, M-2 (M-1A plus savings and time deposits) expanded by 16.7 per cent compared with 12.7 per cent in the corresponding period of 2007 on account of a slower growth in both savings and time deposits.

FINANCIAL SYSTEM SURVEILLANCE

Supervision of Licensed Financial Institutions and Pension Plans

During the year, the Bank completed thirteen on-site examinations of three banks, five insurance companies and five pension plans. The examinations focused on key risk areas involving loans, investments and insurance products and assessed the effectiveness of the internal control framework, risk management and governance practices.

The examinations revealed several breaches of statutory requirements by both the banking and insurance sectors as well as pension plans. Five non-banks and ten insurers failed to file their statutory returns within the required time frame. Eighty-five pension plans also failed to file their statutory statements on time. In addition, several insurers failed to fund the deficits in their statutory funds within the stipulated time period. In light of the above, enforcement actions were initiated against several companies during the year.

A review of compliance with Anti-Money Laundering/Combating the Financing of Terrorism requirements of the Proceeds of Crime Act was incorporated in six of the on-site examinations. The recommendations coming out of these examinations focussed on internal controls, know-your-customer and record keeping practices as well as reporting requirements.

The banking system remained robust and stable throughout the year as the aggregate capital adequacy ratio averaged eighteen (18) per cent, well above the 8 per cent statutory minimum. Non-performing loans for the system averaged a low 1.7 per cent and operating profits rose by 17.1 per cent between September 2007 and September 2008. The banking system exposure as measured by the proportion of assets held outside Trinidad and Tobago fell from 12.5 per cent to 9.4 per cent over the same period.

Total assets of the insurance industry increased during the year by 14.2 per cent. In the life sector, the increase in assets was mainly attributable to the continuing demand for wealth management products. The sector reported profit before tax for the year ended September 30, 2008 of $506 million.

The non-life sector recorded an increase in net written premiums year-over-year of 16.9 per cent. There was an increase in claim liabilities mainly resulting from the impact of Hurricane Ike in the Turks and Caicos Islands. As a result, the non-life sector reported a combined ratio of 101.3 per cent.

The total assets of the pension sector increased by 4.4 per cent during the year as pension plans increased their holdings of government securities by 27.7 per cent or $1.4 billion.

In September 2008, the Bank issued a Claims Guideline which is intended to improve market conduct practices involving claims management. The Guideline was developed mainly from a thematic review of the operations of six insurers with valuable assistance and input from representatives from the insurance industry and the brokers' and adjusters' associations. The Guideline also took into account the principles recommended by the Organisation for Economic Cooperation and Development. In the ongoing effort to strengthen supervision of the insurance sector, the Bank in consultation with the industry, also developed and distributed proposals for two other important initiatives: a consistent actuarial valuation methodology and a risk-based capital framework.

The Bank kept close surveillance on the financial services sector in the aftermath of the fallout from the US sub-prime mortgage crisis. The banks, non-banks, insurance companies and pension plans were not impacted directly. The combination of the prudent person approach to investing and the regulatory limits for foreign investments and real estate served to protect the local institutions from the recent vulnerabilities in the global financial markets.

During the year the Bank reviewed and approved the application for the amalgamation of RBTT/RBC. Approvals were required of the regional regulators, because RBTT had branches and subsidiaries throughout the region. The approval of the amalgamation resulted in the regional headquarters for the holding company, RBC Financial (Caribbean) Limited, being located in Trinidad and Tobago. As a result, the Bank is now the home regulator of the holding company as well as the group. In addition, because the Royal Bank of Canada has branches throughout the region, the ownership of these operations will be transferred to the holding company over time. The Bank has been working with its regional counterparts to formulate a plan to conduct consolidated supervision of the new entity.

Legislative and Regulatory Framework

The Bank collaborated with the various stakeholders of the banking, insurance, credit union and pension sectors to modernise the financial services' legislation. The progress achieved with each piece of legislation is described below.

Financial Institutions Act

Following extensive consultation with the industry and a public consultation, the Financial Institutions Act, 2008 was passed unanimously in the Lower House on November 14, 2008, in the Upper House on December 2, 2008 and received Presidential assent on December 19, 2008. Inter alia, the new Act (i) formalises consolidated supervision in order to identify and evaluate group risk and the risk of contagion; (ii) seeks to address related party lending and upgrades governance structures for licensed institutions; and (iii) gives more authority to the Bank to take early corrective and preventive action to protect depositors.
(Box I).

BOX I
Highlights of the Financial Institutions Act, 2008

The highlights of the Financial Institutions Act, 2008 (FIA 2008) can be classified into four broad categories:

1. Provisions retained from FIA 1993;
2. Provisions from FIA 1993 that were further clarified or strengthened;
3. New provisions that formalise existing practices; and
4. Entirely new provisions.

1. Many provisions of FIA 1993 have been retained and replicated in FIA 2008, because they are still relevant and effective. For example, the provisions such as *Revocation and Restriction of a Licence, Publication of list of licensed institutions by the Central Bank, False statements about licensed status, Restriction on Dividends in certain stated circumstances and Mergers and Acquisitions* among others have been carried forward in the Financial Institutions Act, 2008.

2. Other provisions were retained from FIA 1993 but were modified to either provide greater clarity or strengthen existing provisions. For example, provisions related to the appointment, resignation and termination of the Inspector of Financial Institutions were enhanced by establishing the term of office and the grounds for termination.

3. Further, there are provisions in FIA 2008 which simply formalise existing practices. For example, sections 38 and 64 of FIA 2008 now explicitly provide for prior consultation on proposed regulations with persons who may be affected by them, except in urgent circumstances. Additionally, the Act makes it mandatory for the Board of a licensee to establish audit committees, which licensees already have in place. The Act however, prescribes the composition of the Committee and gives a transition period of 3 years for compliance.

4. The Act also introduces a number of new and much needed reforms, the more significant among them being provisions pertaining to:-

(i) Consolidated supervision
(ii) The establishment of a Financial Holding Company (FHC)
(iii) Statements of Objectives of the Central Bank under FIA 2008
(iv) Approval of New Products (by process of ‘no objection’)
(v) Regulation of ‘electronic money’
(vi) Updating of criminal penalties and inclusion of administrative fines.

Insurance Act

Consultation on the policy proposal document for the reform of the Insurance Act, Chapter 84:01, was completed during the year. A draft Insurance Bill will be circulated to the industry for review before the end of calendar year 2008.

Credit Unions

Several rounds of consultations with the sector and other key stakeholders were held in order to revise the policy proposal document issued by the Bank in May 2007. In preparation for the transfer of the regulatory responsibilities to the Bank, development of a supervisory framework for credit unions is underway.

Pensions

The development of a policy proposal document to inform the drafting of occupational pension legislation is in progress and the document will be circulated to the industry for consultation early in 2009. Meanwhile a semi-annual reporting regime for Privately Administered Pension Fund Plans, in a form similar to the reports submitted by banks and insurance companies, was implemented in June 2008.

Other Initiatives

- A feasibility study was carried out for the implementation of a Motor Insurance Fund to assist victims of accidents involving un-insured motorists. The study identified specific challenges that need to be addressed before this Fund could be put into operation.

- The Bank successfully launched a website for the Caribbean Association of Insurance Regulators in September 2008.

- The Bank completed a draft profile to support the development of a methodology to recover the costs incurred in supervising and regulating the financial services industry - licensees, insurers and pension plans.

PAYMENTS SYSTEM OVERSIGHT

The broad objective of oversight of the payments system is to ensure that the arrangements for clearance and settlement are sound, safe and efficient.

During the financial year, the Bank finalised and published an assessment of the Real Time Gross Settlement (RTGS) system. This assessment showed that the RTGS was broadly compliant with the *Bank of International Settlements Committee on Payment and Settlement Systems*. An assessment of the Cheques Clearing House and the Automated Clearing House was also commenced in this period.

In order to facilitate its assessment of payments systems, the Bank implemented a formal framework for the collection of data. Under this system, participants and operators would submit monthly data in electronic form to the Bank.

The legislative framework for the payments system is also being strengthened. In this regard, the FIA 2008 explicitly provides for the Bank's oversight of payments systems. The Bank is also working with the Ministry of Finance to amend the Exchequer and Audit Act which is the legal basis for payments and receipts by the Government.

Several initiatives were also taken to encourage use of electronic payments as a means of improving the safety and efficiency of payments in the country. The total volume of electronic payments through the ACH and the RTGS doubled over the past year.

FOREIGN EXCHANGE MARKET OPERATIONS

Foreign exchange purchases from the public by the authorised dealers totalled US$5,524 million, 38.6 per cent higher than the US$3,986 million recorded in the previous year, while sales amounted to US$6,227 million compared with US$5,000 million in the year to September 2007.

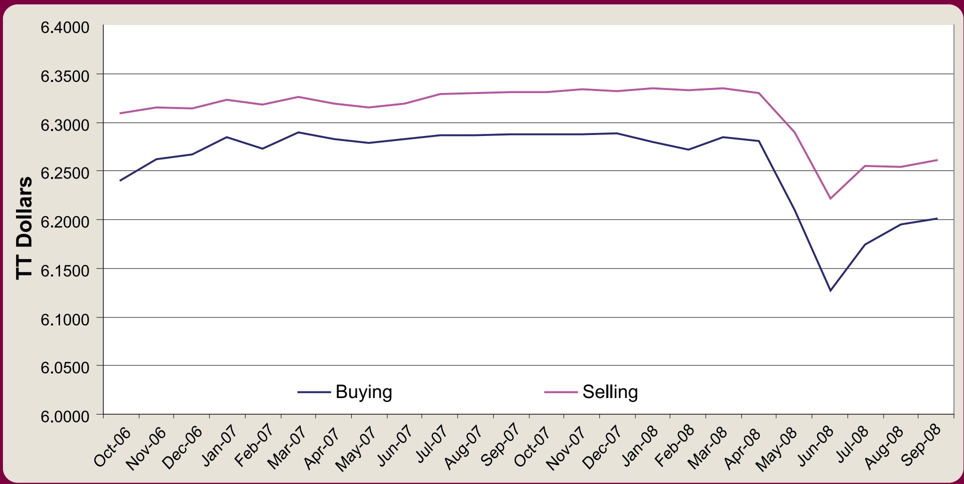
Chart I
Purchases and Sales of Foreign Exchange

The growth in foreign exchange inflows was therefore faster than that of sales, although the latter continued to outstrip purchases for most of the year. Chart I shows the trend in commercial banks' purchases and sales in 2008.

The two largest sources of foreign exchange inflows in 2008 were conversions from the energy sector and receipts from the settlement of the RBTT/RBC amalgamation which was finalised in June 2008. While the pattern of inflows to the market continued to show discrete quarterly variations, foreign exchange demand showed a relatively steady growth. The Central Bank continued to intervene in the market to meet the temporary shortfalls and to minimise volatility in the exchange rate. Net sales by the Central Bank of US$900 million over the period, was down from US$1,245 million for the corresponding period a year earlier largely because of the inflows from the RBTT/RBC amalgamation.

The foreign exchange inflows from the RBTT/RBC transaction led to an appreciation in the TT dollar exchange rate from June 2008. The TT dollar moved from US$1.00 = TT$6.3143 prior to the inflows to peak at US$1.00 = $6.1584 in June 2008, before easing back somewhat to US$1.00 = TT$6.2765 at the end of September 2008. Chart II shows the movement in TT$/US$ rates over the year.

Chart II
US Dollar Exchange Rate



BANKING OPERATIONS

Currency in Circulation

Currency in circulation increased by 15.9 per cent to $3,981 million in the financial year 2008, marginally lower than the growth rate of 16.6 per cent in the previous year. This slowdown may be linked to an increase in the use of electronic forms of payment. There was no change to the normal seasonal pattern in currency in circulation which shows its peak in the month of December. (Chart III).

There was only marginal movement in the shares of each of the denominations in circulation. The $1 denomination represented 48 per cent of total notes in circulation (49 per cent in 2007), while the 1 cent coin remained the most widely circulated coin, accounting for 51 per cent of the total volume of coins in circulation compared with 52 per cent a year earlier. Charts IV and V show the relative share of each denomination of notes and coins in circulation as at the end of September 2008 relative to a year earlier.

Chart III
Currency in Circulation

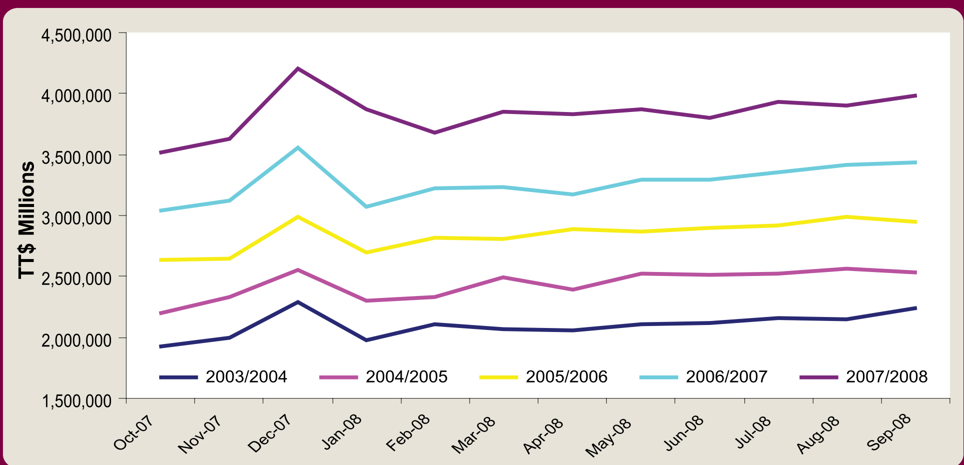


Chart IV
Volume of Notes in Circulation by Denomination

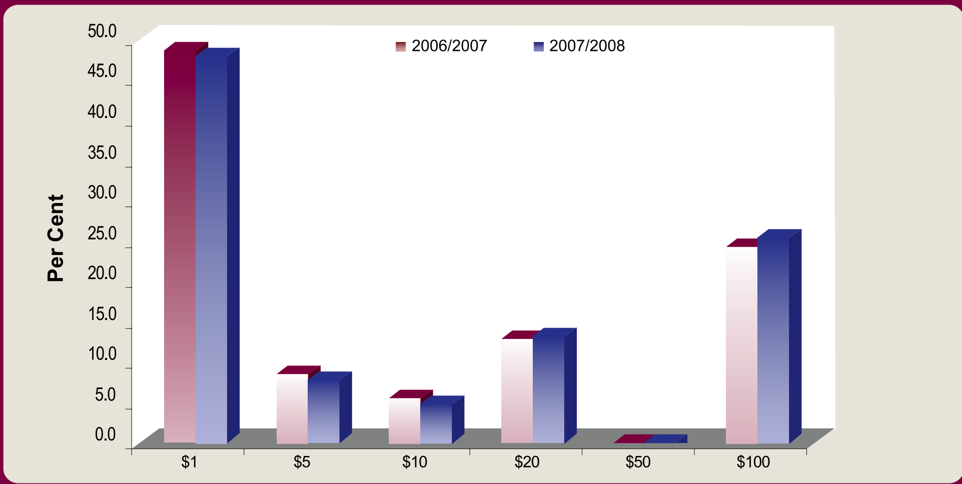
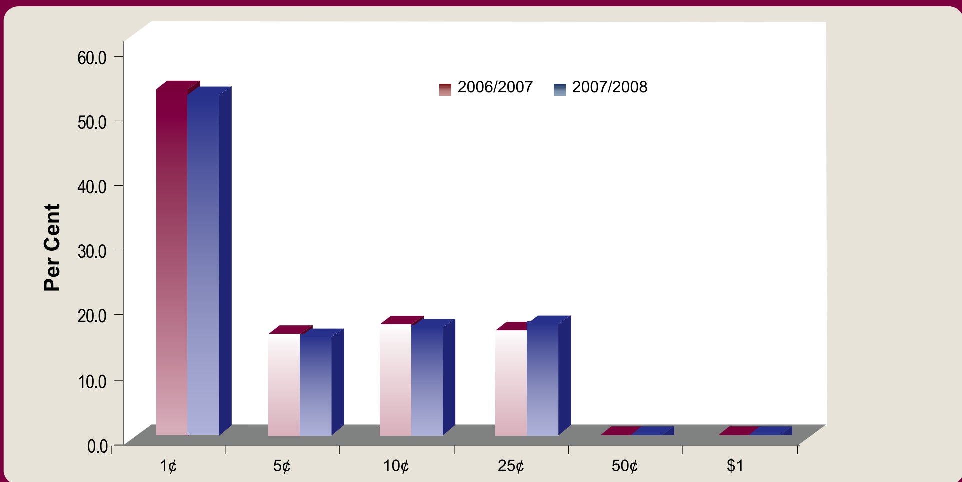


Chart V
Volume of Coins in Circulation by Denomination



Clearing and Settlement Systems

Cheque Clearing

Preliminary data showed that the decline in the growth of cheque usage in the country continued in 2007/2008 as the use of electronic means of payment increased. Reflecting this trend, the total volume of cheques drawn on the Central Bank fell by around 10 per cent following a decline of 4 per cent in 2006/2007. However, the total value of these cheques increased, suggesting that the average value of cheques rose as a result of the elevated level of prices during the year.

The Bank maintained a daily cheque clearinghouse in which all commercial banks participated. During the year, no changes were made to the operational arrangements of the facility.

Electronic Payments

The volume and value of transactions cleared and settled through the Automated Clearing House (ACH) and the Real Time Gross Settlement (RTGS) system, *Safe-tt*, increased substantially in 2008. The monthly volume of transactions through *Safe-tt* grew to 3,521, an increase of 32.8 per cent over the previous year. The value of these transactions rose by 22 per cent, from a monthly average of $32.6 billion in 2007 to $41.8 billion in 2008. Chart VI shows the growth in annual volumes of RTGS transactions since the start-up of *Safe-tt* in 2004.

The number and value of retail transactions processed through the ACH grew even more rapidly. The average monthly volume of transactions climbed to 154.0 thousand in 2008 compared with 56.3 thousand in 2007, while the average monthly value reached $663.5 million, up from $434.8 million in 2007. Chart VII shows the growth in the volume of ACH transactions processed during the financial year.

Chart VI
RTGS Annual Volumes

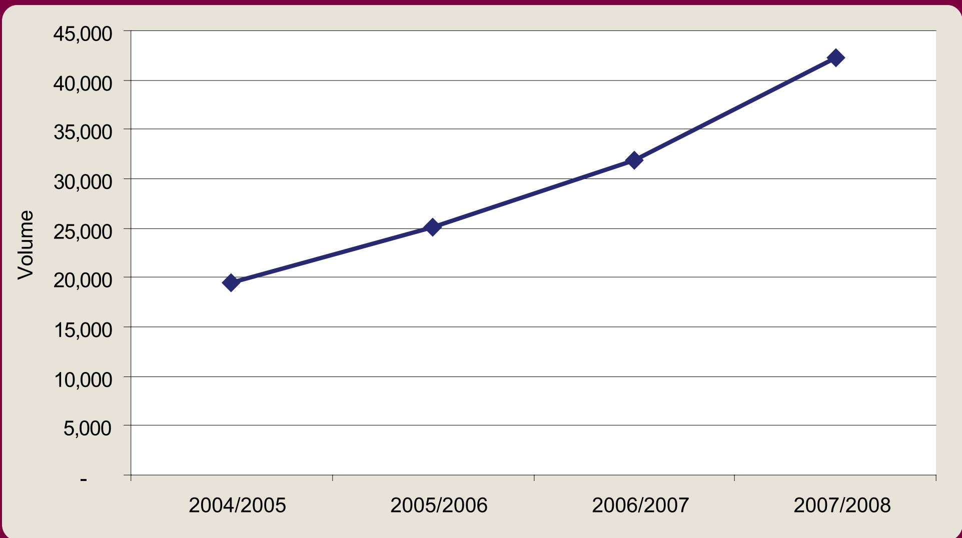
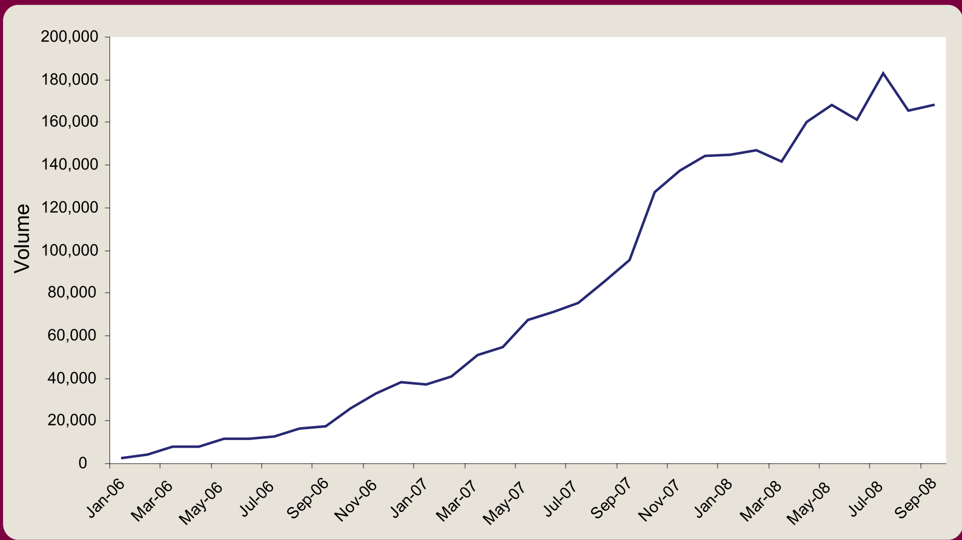


Chart VII
ACH System Volumes



Financial Institutions Deposits

The average monthly cash balances held as statutory reserves by the commercial banks increased by 84 per cent in 2008. This was a result both of the increase in commercial banks' deposits and increases in the reserve ratio during the year. By comparison, the average monthly cash balances held as statutory reserves by non-bank financial institutions rose by 13 per cent. This was due solely to the growth in their deposit liabilities as the cash reserve ratio of these institutions was kept unchanged at 9 per cent.

In addition to the balances held to meet their reserve ratio, commercial banks were required to hold other temporary deposits during the year as the Bank sought to absorb excess liquidity in the financial system. (Box 2).

BOX 2
Commercial Banks' Temporary Deposits at the Central Bank

- A secondary reserve requirement of 2 per cent of deposit liabilities.
- A term deposit of $1.5 billion which matures on 27 December 2008.
- A three-month Central Bank bill of face value $500 million issued in November, 2008.

Agency Function

The Bank performed the Registrar and Paying Agent function for several bonds issued by the Central Government and state-related companies. These include all bonds issued through the automated auction system. Principal and interest were paid on the following bonds:

1. Bonds issued under the Development Loans Act, Chap 71:04 - $70.720 million.
2. Tax Free Bonds issued under the Government Savings Bond Act, Chap 71:41 - $0.506 million.
3. Bonds issued under the Public Sector (Arrears of Emoluments) Act 1995 and the Public Sector (Arrears of Emoluments) Amendment Act 1998 - $0.39 million.
4. Bonds issued for state-related companies - $253 million.

Downtown Owners & Merchants Association Facility

The Bank continued to manage the Downtown Owners and Merchants Association (DOMA) facility, established to assist merchants to repay the interest on loans taken to reconstruct their businesses following destruction during the attempted coup in 1990. This facility is coming to an end as only four (4) loans valued at $531,919.03 remain outstanding and these are to be repaid by 2010.

Regional Loans

Bank of Guyana Consolidated Debt

The Bank of Guyana's debt to Trinidad and Tobago is a consolidation of loans owed to the Central Bank of Trinidad and Tobago and the Government of the Republic of Trinidad and Tobago. Following debt relief to Guyana under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative in October 2005, the outstanding debt was reduced from US$176 million to US$55 million. During this financial year, Guyana made debt service payments of US$3.5 million, US$2.8 million of which represented the Bank's portion of the debt service.

Caricom Multilateral Clearing Facility (CMCF)

There were no receipts or payments to the CMCF account during the year. The Agent continued to work with Governors of the CMCF on finding a modality for meeting the debt relief to Guyana under the Enhanced HIPC Initiative.

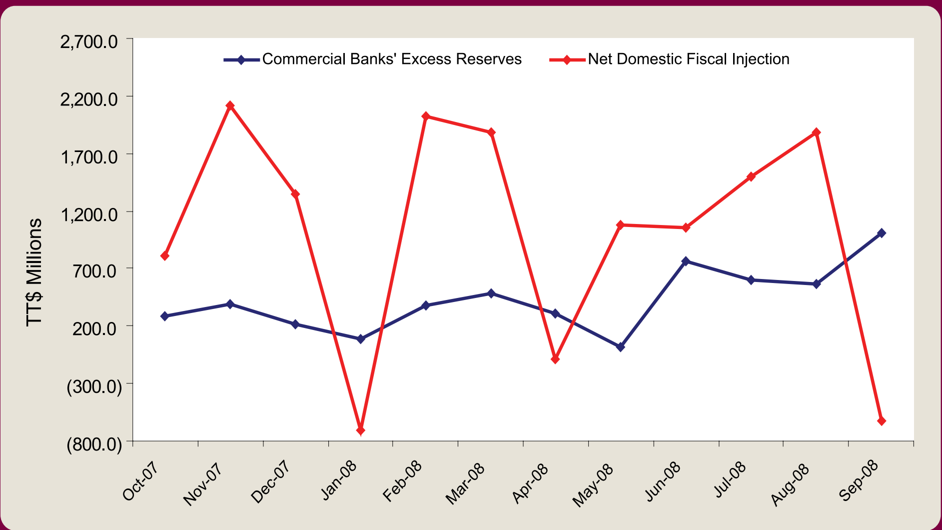
DOMESTIC MARKET OPERATIONS

Liquidity

The domestic financial system remained liquid for most of the year. The daily average level of commercial banks' excess liquidity amounted to $423.5 million compared with $285.1 million during the previous year.

The high level of fiscal injections at $12,658.2 million (compared with $12,180.3 million in 2007) continued to be a major influence on bank liquidity. In addition, domestic liquidity was affected by the injection of funds for the settlement of the RBTT/RBC amalgamation in June 2008. In the context of these large inflows, the Bank intensified open market operations throughout the year and withdrew a net $8,160.2 million. Additionally, a special bond was issued in July, the proceeds of which were sterilised at the Bank, absorbing $1.2 billion. The Bank's intervention in the domestic foreign exchange market also withdrew another $5,610.2 million. Chart VIII shows the relationship between the net domestic fiscal injection and the levels of excess reserves.

Chart VIII
Key Liquidity Indicators



Government Bond Market

Given its strong fiscal position, the Government had few bond issues during the year. The Central Bank managed the two (2) bond auctions: one on behalf of the Government and the other on behalf of the Housing Development Corporation (HDC). The former was issued in July 2008 to withdraw liquidity from the system and hence the proceeds were sterilised at the Bank. This bond, which had a maturity of 9 years and offered a coupon of 8.25 per cent, raised a total of $1,200 million. The HDC bond, issued in September 2008 was for 15 years at 8.70 per cent and raised $700 million at par.

In July 2008, Parliament passed the Treasury Bonds Act, Act 12 of 2008, to provide separate authorisation for bond issuance for liquidity management. In general, the proceeds of these bonds are sterilised at the Bank and are not available for budget financing. Previously these issues were made under the Development Loans Act which was constrained by the ceiling on government borrowing. The ceiling was being challenged by the issuance of bonds, whose proceeds were sterilised at the Bank.

The Bank worked with the Securities and Exchange Commission, the Stock Exchange and market participants to develop the secondary bond market. In January 2008, the automated secondary market trading platform at the Stock Exchange was modified to incorporate Government bond trading in a "delivery versus payment" environment. Other impediments to the market's development are to be addressed in the upcoming year.

FOREIGN RESERVES MANAGEMENT

The Bank managed the country's foreign reserves in accordance with the policies and guidelines determined by the Board. The reserves grew from $6.2 billion at the beginning of the financial year to US$8.7 billion at the end of September 2008. The growth in reserves was due primarily to higher receipts from the energy sector as a result of buoyant oil and gas prices experienced for most of the year. The Bank maintained the broad policy framework within which the reserves are structured into three tranches:- a working capital tranche, a liquidity tranche and an investment tranche based on forecasted liquidity needs, with each tranche being managed to a specified benchmark. The Bank also engaged a number of external managers to actively manage a portion of the portfolio.

Like other central banks, foreign reserves management faced challenges as these reserves were heavily invested in deposits. During the year, the Bank adopted some tactical measures to protect the portfolio from developments in the major financial markets. Two such measures were a reduction in the term of deposits and the use of a broader range of institutions. The portfolio was able to avoid much of the negative fall-out from the credit crunch in global financial markets. Although returns were impacted by the declining trend in interest rates, the portfolio benefitted from the capital appreciation of US treasuries. Overall, the return on the foreign reserves portfolio was 4.48 per cent in 2007/2008, a decline from 6.19 per cent in 2006/2007.

RESEARCH AND KNOWLEDGE SERVICES

During 2008, the Bank expanded its research programme to support monetary policy formulation as well as to consolidate the economic and financial statistical information systems and databases. Several policy papers were prepared to inform the deliberations of the Monetary Policy Committee.

On the technical research front, research was conducted on a number of topical issues including the *Pricing of Financial Services in Trinidad and Tobago* and *Implications of Global Food Inflation for Trinidad and Tobago*. The findings from the technical research papers will be presented at the Bank's Research Review Seminar which is carded for January 2009.

The Bank consolidated its data development processes and systems and, in January 2008, hosted a statistical mission from the International Monetary Fund (IMF) whose prime objective was to evaluate its monetary and financial statistics. The IMF mission concluded that the monetary and financial statistics for Trinidad and Tobago were sound with respect to data quality, integrity and timeliness. The Bank also completed the development of reporting forms for the collection of data from insurance companies and private pension funds.

An on-line interface to the Forecast Analysis and Modelling Environment (FAME) data repository, which houses the Bank's data systems, was also developed to facilitate faster and more effective retrieval of data. Several meetings with key data providers including the Trinidad and Tobago Chamber of Commerce and the Trinidad and Tobago Manufacturers Association were held with a view to enhancing existing economic indicators on production, sales and employment, and developing new indicators for capacity utilisation, job vacancies and wages.

Research staff participated in a number of national and regional conferences, workshops and seminars including:

• The **Annual Monetary Studies Conference** of the Caribbean Centre for Money and Finance (CCMF), (November 6-9, 2007, Belize City, Belize).

• The **Government Finance Statistics Seminar** hosted by the Caribbean Regional Technical Assistance Centre (CARTAC) and the IMF (November 26 – December 7, 2007, St. Kitts and Nevis).

• The **Macroeconomic Management and Fiscal Policy Issues Workshop** hosted by CARTAC (February 18–29, 2008, Bridgetown, Barbados).

• The **Financial Programming and Policy** Training Course hosted by the IMF (August 11 – September 19, 2008, Washington, D.C.)

• The **12th Annual Senior Level Policy Seminar** on The Impact of the Sub Prime Mortgage Crisis in the United States on Caribbean Financial Markets and Business Activity hosted by CCMF, (May 3, 2008, Port of Spain, Trinidad).

• **The Annual IDB Meeting of the Board of Governors** (April 4-8, 2008, Miami, United States).

Information Management Services

During the year, the Bank completed the migration of records from outdated film format to new media to ensure continued accessibility. The Bank's serial publications for the period 1964-2005 were microfilmed and digitised for preservation purposes.

The use of the records management application was expanded to allow for records transfers and loan requests to be made electronically. The Bank adopted a system of life cycle records management to achieve better control of its records from their creation to final disposition/archiving. A Vital Records area was established at the Bank's hot-site.

The Bank also increased its online resources providing access to comprehensive full text databases of current and retrospective material. As part of its Knowledge Management Programme, a series of interviews was conducted with retired staff to capture 'tacit knowledge' of the Bank's history.

Information Technology Services

The Bank upgraded its technology platform in order to improve its various business functions. One objective of the upgrade was to provide seamless connections between systems so that manual interventions and multiple entries of the same data are eliminated. A Gap Analysis of the Bank's IT Services was conducted and a roadmap for closing the identified gaps developed. A number of infrastructure enhancements are to be implemented in order to provide a more robust network and to support the increased automation of business processes.

NATIONAL FINANCIAL LITERACY PROGRAMME

The National Financial Literacy Programme (NFLP) aims to produce better educated citizens with the skills and knowledge they need to make informed financial decisions. In 2008, the NFLP focused on primary schools and some secondary schools; employees in the workplace and community groups. In order to communicate with this broad audience, a range of training tools was used including games, workbooks and town hall meetings.

During the course of the year, the programme expanded to cover education for existing and prospective small and micro enterprises (SME). As a result, a study of the SME sector was undertaken and a reference manual for the SME entrepreneur was developed. Three SME handbooks dealing with *Starting Up a Business*, *The Importance of Record Keeping* and *Services for SME* are to be prepared in the upcoming year.

NFLP Town Meeting in St. Joseph

The NFLP also completed two other documents. One entitled *In the Driver's Seat* , a publication on motor insurance, was done in collaboration with the Financial Services Ombudsman. The other entitled *12-Month Budget Buddy* aims to help users with planning their budget and adhering to it.

The Bank received the results of the National Financial Literacy Survey which was conducted in August 2007 and released these results in January 2008. The results are being used to shape the programme over the short to medium term.

OUTREACH PROGRAMMES

The Bank expanded its outreach programme through several initiatives during the period under review.

Money Museum and Exhibitions

The Money Museum was the venue for several initiatives aimed at improving the general public's understanding of financial and economic matters. During the August vacation period, the Museum attracted eight hundred (800) visitors, most of whom were children who participated in vacation camps. The Museum was also the venue for a special exhibition entitled *Caribbean Music Pioneers* in which the Bank partnered with the Bank of Jamaica.

The Bank also launched a quarterly mini-concert series and revolving art exhibition aimed at showcasing exceptional local performing artistes as well as sharing with the public pieces in the Bank's Art Collection. The first in the series featured Raf Robertson and the theme of the exhibition was *Places*. The exhibition displayed paintings of places in Trinidad and Tobago by a number of local artists.

Dr. Eric Williams Memorial Lecture

The Bank successfully hosted its flagship outreach event, the Dr. Eric Williams Memorial Lecture, on May 23, 2008. The 22nd edition of the lecture series was delivered by Professor Arnold Rampersad, Professor of English and the Sara Hart Kimball Professor in the Humanities at Stanford University. The topic of this year's lecture was *Race, Politics and The African-American Image: The Long Road to Obama.* The lecture was attended by a record number of guests and was extremely well received.

Professor Arnold Rampersad delivers the 22nd Dr. Eric Williams Memorial Lecture

Community Projects

Staff continued their involvement in the Bank's **We Care** charity as well as in the **United Way Trinidad and Tobago** charity.

Staff Social Activities

Staff engaged in several social activities during the year. Two key activities were the Staff Family Day and the Annual Staff Christmas Dinner. In addition, the staff celebrated national and religious events and participated in several sporting disciplines outside of the Bank.

The Central Bank Retirees Club

The Bank provided support for the Central Bank Retirees Club during the period under review. The Club remains one of the principal conduits through which the Bank maintains contact with retired members of staff.

HUMAN RESOURCES

Against the backdrop of a tight labour market, particularly for finance and information technology professionals, the Bank placed great emphasis on the management of its human resources. The Bank's human resource management strategies were thus geared towards recruiting the necessary talent, retaining and developing staff and improving staff productivity. Additionally, human resource initiatives were also aimed at creating a highly engaged, motivated and satisfied workforce.

At the close of the financial year, the staff complement totalled four hundred and fifty-one (451) representing a marginal increase over the previous year. The increase reflected the filling of approved vacancies to assist in accomplishing the Bank's expanded Work Programme.

During the year, the Bank welcomed twenty-seven (27) new employees. Eight (8) staff members were also reassigned and the Bank bade farewell to thirty-two (32) including nine (9) retirees. The retirees included Senior Manager, Mr. Hollis De Four, and Managers Ms. Caramae Farmer, Ms. Hazel Marcelle and Mr. Shabirul Mohammed. Mrs. Judy Chang's contract as Financial Services Ombudsman ended on April 30, 2008 and Ms. Ann Marie Narine was appointed to the position (on contract) with effect from May 01, 2008. The staff attrition rate amounted to 5.9 per cent compared with 3.6 per cent in the previous calendar year.

Employee Satisfaction

The Bank conducted an Employee Satisfaction Survey (ESS) in June 2008. This was undertaken by an external Consultant and results were delivered to Senior Management in August 2008. The survey measured a number of dimensions including Customer Focus, Strategic Direction, Corporate Social Responsibility and Supervision. In September

2008, the Bank commenced departmental roll-outs of the results of the ESS. Each department was then charged with the responsibility for producing and presenting action plans to improve satisfaction in their departments.

Performance Management

A simplified Performance Management System (PMS) was implemented for the 2007/2008 financial year. The 360 degree assessment remains a key component of the Bank's PMS and was extended to all members of staff for the 2007/2008 review period.

Training and Development

Training and Development initiatives within the Bank represent a significant aspect of its commitment to staff development. The objective is to ensure that all employees possess the skills and competencies required to perform optimally in their respective job roles. Over 85 per cent of the total staff complement attended in-house, local or foreign programmes. The Bank also launched a para-professional training programme targeted at all employees who recently achieved tertiary academic success. The programme was designed to equip recent graduates with the requisite skills and knowledge to perform at a higher level.

Vacation Internship Programme

The Vacation Internship Programme ran from June 16 – August 22, 2008. A total of sixteen (16) second and final year undergraduate students pursuing degrees in diverse disciplines were selected for the Internship programme. The interns were exposed to project-based on-the-job training as well as formal classroom sessions. Utilising the mentorship approach, each intern was partnered with a more experienced member of staff to provide on-going support and guidance throughout the internship.

Participants of the Vacation Internship Programme

Employee and Industrial Relations

During the year, Human Resource representatives regularly partnered with the workers' representatives in a non-crisis setting to advise on and address staff concerns. The Bank commissioned a Consultant to collect compensation data in preparation for the collective bargaining process. The agreements covering all three bargaining units come to an end on December 31, 2008.

Occupational Health and Safety

The Bank began to implement recommendations arising out of a Gap Analysis of Health, Safety & Environment issues (HSE).

The Bank continued its refurbishment exercise which involved the completion of the physical upgrade of the Research and Domestic Market departments. The elevator upgrade and change-out exercise was also completed.

Employee Wellness - Maternal Facility

In helping to promote work-life balance, the Bank constructed a maternal facility. This facility affords mothers a private place to express and store milk during the work day.

RISK MANAGEMENT

During the year, the Bank made a strategic shift in its approach to risk management with the appointment of Mr. Patrick Solomon as Senior Manager. The following functional areas fall under the ambit of the Senior Manager – internal audit, business continuity, security, risk management and corporate governance. A key feature of risk management has been the development and initiation of an Operational Risk Programme at the Bank. The strategy involves an integrated risk assurance model which links the internal audit and risk management functions to achieve point-in-time as well as continuous monitoring of risks and their controls. Risks will be aggregated and managed consistently across the organisation forming risk profiles that encompass the entire Bank.

During the year, implementation of the Business Continuity Plan (BCP) was ongoing. The main objective of the Plan is to ensure that the Bank's core business functions recover as quickly and as effectively as possible following any unforeseen event that interrupts normal business operations. The Bank collaborated with the Office for Disaster Preparedness and Management (ODPM) and the Bankers' Association of Trinidad and Tobago to develop a framework for business continuity for the banking system. Once the infrastructure and linkage with the ODPM are established and operational, the framework would be rolled out to the other parts of the wider financial sector by the third quarter of 2009.

The Year Ahead

The aftermath of the global financial crisis, recession in the major world economies and the slowdown in domestic activity provide the backdrop for the Bank's activities in 2009. Issues of monetary and financial system stability are expected to be at the top of the Bank's Work Programme. At the same time, emphasis will continue to be placed on strengthening the Bank's risk management, governance and operating systems. Some of the key areas of focus will be the following:

1. Financial Sector Regulation and Supervision

- Completion of the Insurance Act and the Credit Union Act.
- Formalising consolidated supervision as now permitted under the new FIA.
- Preparation of a Crisis Management Plan for the financial system.
- Preparation of a semi-annual Financial Stability Report.

2. Monetary and Foreign Exchange Management

- More efficient measures to improve Liquidity Management including greater promotion of the government secondary bond market and the repo market.
- Increasing exchange rate flexibility.

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 2008 SEPTEMBER 30

The accompanying Consolidated Financial Statements of the Central Bank of Trinidad and Tobago and its subsidiary for the year ended 2008 September 30 have been audited. The Statements comprise the Consolidated Balance Sheet as at 2008 September 30, the Consolidated Statement of Earnings, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year ended 2008 September 30 and Notes to the Consolidated Financial Statements numbered 1 to 26.

BOARD'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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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 2008 September 30 and the related financial performance and cash flows for the year ended 2008 September 30 in accordance with International Financial Reporting Standards except as stated at Note 2a to the Consolidated Financial Statements.

REPUBLIC OF TRINIDAD AND TOBAGO
2008/12/15
AUDITOR GENERAL

2008 DECEMBER 19

SHARMAN OTTLEY
AUDITOR GENERAL

Auditor General's Report
CBTT 2008

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Consolidated Balance Sheet

AS AT 30 SEPTEMBER 2008 *(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sept 2008 $'000	Restated Sept 2007 $'000
ASSETS			
Foreign currency assets			
Foreign currency cash and cash equivalents	4	30,867,425	20,635,508
Foreign currency investments	5	26,921,250	20,870,721
Foreign receivables	8	273,332	350,472
Subscriptions to international financial institutions		121,461	121,578
International Monetary Fund - Holdings of Special Drawing Rights		9,171	9,105
		58,192,639	**41,987,384**
Local currency assets			
Local currency cash and cash equivalents	4	2,214,772	730,237
Local investments	5, 6	203,384	366,591
Pension assets	7	214,135	123,963
Accounts receivable and prepaid expenses	8	30,423	991,395
Other assets	9	185,323	210,492
Property, plant and equipment	10	252,879	265,580
		3,100,916	**2,688,258**
TOTAL ASSETS		**61,293,555**	**44,675,642**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	11	161,986	278,513
International Monetary Fund - Allocation of Special Drawing Rights		443,276	442,068
		605,262	**720,581**
Local currency liabilities			
Demand liabilities - local	11	31,531,489	23,772,795
Accounts payable	12	26,318,740	16,739,078
Provision for transfer of surplus to government		1,078,295	1,676,343
Provisions	13	560,321	968,486
		59,488,845	**43,156,702**
CAPITAL AND RESERVES			
Capital	23	761,874	500,000
General Reserve		428,394	285,042
Retained Earnings		9,180	13,317
		1,199,448	**798,359**
TOTAL LIABILITIES, CAPITAL AND RESERVES		**61,293,555**	**44,675,642**

GOVERNOR

DEPUTY GOVERNOR

Consolidated Statement of Earnings

FOR THE YEAR ENDED 30 SEPTEMBER 2008 *(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sept 2008 $'000	Sept 2007 $'000
Income from foreign currency assets			
Interest income		1,807,389	1,810,762
Interest expense		(23,170)	(15,793)
		1,784,219	1,794,969
(Loss)/gain from currency translations		(251,361)	215,702
Gain from fair value changes		434,542	157,772
Loss from fair value changes		(3,961)	(29,069)
		430,581	128,703
	14	**1,963,439**	**2,139,374**
Income from local currency assets			
Interest income	15	39,407	86,366
Rental income		1,800	1,602
Other income	15	146,147	56,647
		187,354	**144,615**
Decrease in provisions		-	364,810
Total income		**2,150,793**	**2,648,799**
Operating expenses			
Printing and minting		69,875	53,443
Salaries and related expenses		112,010	108,350
Interest paid		400,866	510,094
Directors' fees		520	558
Depreciation		30,876	31,428
Other operating expenses	16	59,681	88,053
Increase in provisions		68,600	-
Total operating expenses		**742,428**	**791,926**
Net surplus for the year before taxation		**1,408,365**	**1,856,873**
Busines Levy expense	17	7	7
Net surplus after taxation		**1,408,358**	**1,856,866**

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2008 *(Expressed in Trinidad & Tobago Dollars)*

	Issued and Fully Paid up Capital $'000	General Reserves $'000	Retained Earnings $'000	Total $'000
Balance as at 1 October 2006	100,000	100,000	17,836	217,836
Net surplus after taxation	-	-	1,856,866	1,856,866
Transfer of surplus to consolidated fund	-	-	(1,676,343)	(1,676,343)
Increase in capital	400,000	-	-	400,000
Transfer to general reserve	-	185,042	(185,042)	-
Balance as at 30 September 2007	500,000	285,042	13,317	798,359
Balance as at 1 October 2007	500,000	285,042	13,317	798,359
Net surplus after taxation	-	-	1,408,358	1,408,358
Transfer of surplus to consolidated fund	-	-	(1,057,269)	(1,057,269)
Increase in capital	50,000	-	-	50,000
Transfer to general reserve	-	143,352	(143,352)	-
Transfer to paid-up capital	211,874	-	(211,874)	-
Balance as at 30 September 2008	761,874	428,394	9,180	1,199,448

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2008 *(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sept 2008 $'000	Restated Sept 2007 $'000
Cash flows from operating activities			
Net surplus for the year before taxation		1,408,365	1,856,873
Adjustments for non cash items			
Depreciation		30,876	31,428
Net gain on disposal of fixed assets		(154)	(325)
Interest income		(1,823,626)	(1,881,335)
Interest expense		400,866	510,096
Dividend income		(9,912)	(5,502)
Increase/(decrease) in provisions		68,600	(364,810)
(Decrease) in building fund		(8,417)	(10,100)
Increase/(decrease) in gold reserves		47,488	(44,694)
Increase/(decrease) in foreign currency differences in monetary assets & liabilities		37,328	(101,804)
Changes in operating assets and liabilities			
Decrease/(increase) in accounts receivable & prepaid expenses		970,410	(933,060)
Decrease/(increase) in other assets		14,798	(48,322)
Net increase in pension assets		(90,172)	(31,172)
Increase/(decrease) in accounts payable and other liabilities		17,178,237	(1,006,036)
Net cash flow from / (used in) operations		**18,224,687**	**(2,028,760)**
Cash from investing activities			
Purchase of property plant and equipment		(18,412)	(26,575)
Proceeds from sale of property plant and equipment		390	2,321
Net purchase of investments/proceeds from sale of investments		(6,449,055)	(3,272,304)
Net repayment of loans and advances		6,672	24,655
Interest received		1,915,881	1,812,480
Dividends received		6,612	5,502
Interest paid		(376,636)	(68,165)
Decrease in International Monetary Fund Holding of Special Drawing Rights		1,142	25,537
Payment to Consolidated Fund		(1,655,317)	(749,747)
Net cash used in investing activities		**(6,568,723)**	**(2,246,296)**
Cash from financing activities			
Purchase of shares in international financial institutions		117	(86)
Increase in Capital		50,000	400,000
Lease payment		10,371	10,168
Net cash from financing activities		**60,488**	**410,082**
Net increase/(decrease) in cash and cash equivalents		11,716,452	(3,864,974)
Cash and cash equivalents, beginning of year		21,365,745	25,230,719
Cash and cash equivalents, end of year	4	**33,082,197**	**21,365,745**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2008 *(Expressed in Trinidad & Tobago Dollars)*

1. Incorporation & principal activities

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

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

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

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

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

2. Significant accounting policies

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

a. Basis of preparation

These Financial Statements have been prepared on the historical cost basis except for financial assets and liabilities where the fair value and amortised cost basis of accounting are adopted.

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

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

2. Significant accounting policies

a. Basis of preparation cont'd

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

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

- IAS 39 – Financial Instruments: Recognition and Measurement requires that where an asset is classified as *available for sale*, the gains or losses on transactions should be recognised directly in Capital and Reserves through the Statement of Changes in Equity. The Central Bank Act imposes specific limitations on the scope of the Bank to create reserves. Therefore the Bank recognises its unrealised gains or losses on the available for sale investments under "Provisions" rather than "Reserves". In this way, the financial statements reflect a more realistic picture of the performance of the Bank.

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

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

b. Consolidation

Extracts of the Parent's Financial Statements are included at note 26. Section 36(g) of the Central Bank Act empowers the Bank, with the approval of the Minister of Finance, to acquire, hold and sell shares or other securities of any statutory body or company registered under the Companies Act for the purpose of promoting the development of a money or securities market or for financing the economic development of Trinidad and Tobago. The Bank has interests in a number of institutions – the Trinidad and Tobago Unit Trust Corporation, the Deposit Insurance Corporation, Caribbean Credit Rating and Information Agency, Home Mortgage Bank, Trinidad and Tobago Inter-bank Payments System Limited, CB Services Limited and the Office of the Financial Services Ombudsman.

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

c. Foreign currency translation

i. Functional and presentation currency

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

ii. Transactions and balances

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

Translation gains or losses, at year-end exchange rates of these monetary and non-monetary assets and liabilities, are recognised in Provisions – Foreign currency exchange rate reserves.

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

iii. Special Drawing Rights

Transactions with the International Monetary Fund (IMF) are recorded at the local currency equivalent of Special Drawing Rights using rates notified by the IMF.

d. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of the assets and liabilities within the financial year. Estimates and 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 obligation

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

ii. Provision for bad and doubtful debt

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

iii. Estimate of contingent liability

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

2. Significant accounting policies cont'd

e. Cash and cash equivalents

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

f. Reverse repurchases

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

g. Investments

The Bank classifies its investment securities in the following four categories: "Held to Maturity", "Available for Sale", "Loans and Advances" and "Related Enterprises".

i. Held to maturity

Investments classified as held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank's management has the positive intention and ability to hold to maturity. Interest on these investments is recognised in the Statement of Earnings.

ii. Available for sale

These investments are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or to meet the goals of the strategic asset allocation approved by the Board. They are initially recognised at cost, (which includes transaction costs), and are subsequently re-measured at fair market value. Regular purchases and sales of financial assets are recognised on the trade date, which is the date on which the Bank commits to purchase or sell the asset.

Unrealised gains and losses on these investments are recognised in Provisions – Revaluation Reserve at Market Value. When the securities are disposed of, the related accumulated fair value adjustments are included in the Statement of Earnings as realised gains and losses from investment securities.

iii. Loans and advances

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

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

iv. Related enterprises

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

2. Significant accounting policies cont'd

h. Impairment of financial assets

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

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

i. Employee benefits – pension obligations

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

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

An asset or liability recognised in the Balance Sheet in respect of the Plan is the present value of the defined benefit obligation at the Balance Sheet date less the fair value of the Plan's assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

The Plan's accounting costs are assessed on the basis of the Projected Unit Credit Method. A valuation is done every three years by independent actuaries. The valuation at 30 September, 2005 and the IAS 19 Methodology were used, based on information received from the actuarial report dated 23 September, 2008, for the preparation of the Financial Statements.

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

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

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

j. Notes and coins

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

k. Leases

i. Operating leases (as lessee)

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

2. Significant accounting policies
k. Leases cont'd

ii. Finance leases (as lessor)

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

l. Property, plant & equipment

Fixed Assets are recorded at their cost of acquisition less accumulated depreciation. Additions or improvements to assets during the year, which significantly add to the value of, or extend the useful life of such assets, are capitalised as part of the cost. When an asset is retired or sold, any gain or loss on disposal is dealt with through the Statement of Earnings.

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

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

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

m. Taxation

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

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

Deferred taxation arises from temporary differences between the tax base of assets and liabilities, and their carrying amounts in the Financial Statements. The principal temporary differences arise from depreciation on Property, Plant and Equipment, and revaluation of other assets.

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

n. 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 Balance Sheet include

2. Significant accounting policies
n. Provisions cont'd

the Building Fund, Foreign Currency Translation Reserves, Gold Revaluation Reserves and Market Value Revaluation Reserves.

o. Capital

The entire capital of the Bank is held by the Government of Trinidad and Tobago. Provision is made in Section 34(5) of the Central Bank Act, for the Paid Up portion of the authorised capital of the Bank to be increased each year by an amount of not less than 15 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. On 21 August, 2007 the Authorised Capital of the Bank was increased to $800 million. As at 30 September, 2008 the Paid Up Capital was $762 million.

As at 30 September, 2008 the Paid Up and Authorised Capital of CB Services Limited was $2 and $50,000 respectively.

p. Reserves

Provision is made in Sections 35(3) and 35(6) of the Central Bank Act for the Bank to place in the General Reserve Fund or the Special Reserve Funds, or in both, an amount not exceeding ten (10) percent 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, 2008, the General Reserve Fund increased by $143 million to $428 million.

q. Revenue recognition

i. Interest income and interest expense

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

ii. Dividend income

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

iii. Other income and expenses

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

3. Financial risk management

Operational risk management includes bank-wide corporate policies which describe the standard of conduct required of staff and specific internal control systems designed around the particular characteristics of various bank activities.

In addition, the Bank has responsibility for the management of the official foreign currency reserves of the country. This includes the determination of the amount of risk which may be taken in the management of the portfolio. It seeks to mitigate risks in the portfolio as follows:

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

Foreign exchange risk is mitigated by partly aligning the currency composition of the foreign portfolio to the settlement of trade and external debt.

3. Financial risk management cont'd

Interest rate risk is mitigated by establishing duration limits for the portfolio.

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

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

4. Cash and cash equivalents

	Sept 2008 $'000	Sept 2007 $'000
Currency on hand	6,512	5,956
Balances with banks	2,311,743	849,315
Repurchase agreements	6,823,707	2,328,336
Fixed Deposits	23,940,235	18,182,138
Represented by:	**33,082,197**	**21,365,745**
Foreign currency - cash and cash equivalents		
Currency on hand	835	540
Balances with banks	102,648	124,494
Repurchase agreements	6,823,707	2,328,336
Fixed Deposits	23,940,235	18,182,138
	30,867,425	**20,635,508**
Local currency - cash and cash equivalents		
Cash on hand	5,677	5,416
Balances with banks	2,209,095	724,821
	2,214,772	**730,237**
	33,082,197	**21,365,745**

Local currency - balances with banks

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

5. Investments

	Sept 2008 $'000	Restated Sept 2007 $'000
Foreign currency investments		
Held to maturity	7,972	10,223
Available for sale	26,756,954	20,701,676
Loans and advances	156,324	158,822
	26,921,250	**20,870,721**
Local currency investments		
Investments in related enterprises (note 6)	56,382	25,242
Available for sale - Local securities	24,558	214,719
Loans and advances	122,444	126,630
	203,384	**366,591**
Total investments	**27,124,634**	**21,237,312**
Held to maturity		
Cost	7,972	10,223
Available for sale investments		
Foreign currency		
Cost	26,631,044	20,462,539
(Discount)/premium	(22,571)	21,427
Appreciation in Market Value	18,923	235,519
Appreciation in Foreign Currency	129,558	(17,809)
	26,756,954	**20,701,676**

5. Investments cont'd

	Sept 2008 $'000	Restated Sept 2007 $'000
Local currency		
Cost	25,879	218,991
(Discount)	(1,321)	(4,272)
	24,558	**214,719**
Total available for sale investments	**26,781,512**	**20,916,395**
Loans and advances		
Foreign currency		
Cost	352,868	365,434
Provision for doubtful debts	(196,544)	(206,612)
	156,324	**158,822**
Local currency		
Loans and Advances	316,922	326,782
Provision for doubtful debts	(194,478)	(200,152)
	122,444	**126,630**
Total loans and advances	**278,768**	**285,452**
Investments in related enterprises		
Cost	25,422	25,242
Market value	30,960	-
	56,382	25,242
Total Investments	**27,124,634**	**21,237,312**

6. Investment in related enterprises

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

	Sept 2008 $'000	Sept 2007 $'000
Income:		
Dividend Income	6,612	2,202
Rental Income	1,331	1,260
Other Income	161	25
	8,104	**3,487**
Expenditure		
Salaries and related expenditure	1,341	1,252
Other expenses	7,684	1,000
	9,025	**2,252**
Ending period balances		
Investments in related enterprises	56,382	25,242
Receivables from related enterprises	2,707	5,562
Payables to related enterprises	958	370

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

	Sept 2008 $'000	Sept 2007 $'000
Investments in related enterprises		
Trinidad and Tobago Unit Trust Corporation	2,500	2,500
Deposit Insurance Corporation	1,000	1,000
Home Mortgage Bank	33,360	2,400
First Citizens Bank	18,600	18,600
Trinidad and Tobago Interbank Payments System	922	742
	56,382	**25,242**

6. Investment in related enterprises cont'd

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

7. Pension assets

	Note	Sept 2008 $'000	Sept 2007 $'000
Defined benefit obligation		247,776	221,084
Fair value of assets		(568,386)	(471,997)
		(320,610)	(250,913)
Unrecognised gain		87,434	20,270
Unutilised assets		19,041	106,680
IAS 19 net defined liability/ (asset)		**(214,135)**	**(123,963)**
Reconciliation of opening and closing defined benefit assets			
Opening defined benefit asset		**(123,963)**	**(92,791)**
Increase in pension assets			
Pension cost		(87,265)	(28,351)
Bank contribution paid		(2,907)	(2,821)
	15	**(90,172)**	**(31,172)**
Closing defined benefit asset		**(214,135)**	**(123,963)**

	Note	Sept 2008 $'000	Sept 2007 $'000
Amounts recognised in the earnings statement			
Current service cost		7,632	7,097
Interest on defined benefit obligation		18,896	15,788
Expected return on plan assets		(39,444)	(35,979)
Amortised net gain		-	14,496
Past service cost		13,290	3,075
Movement in un-utilised assets		(87,639)	(32,828)
Net pension cost		**(87,265)**	**(28,351)**
Return on plan assets			
Expected return on plan assets		39,444	35,979
Actuarial gain on plan assets		61,900	3,030
Actual return on plan assets		**101,344**	**39,009**
Actuarial assumptions			
Discount rate		8.75%	8.75%
Expected return on plan assets		8.80%	8.40%
Projected future rate of salary increase		7.50%	7.00%
Value of pension scheme assets		Based on Market Value at Balance Sheet Date	

8. Receivables and prepaid expenses

	Sept 2008 $'000	Sept 2007 $'000
Foreign receivables		
Foreign interest receivables	238,193	324,378
Other receivables	35,139	26,094
	273,332	**350,472**
Accounts receivable and prepaid expenses		
Interest receivable on domestic investments	3,305	18,421
Other receivables	20,142	16,537
Prepayments	4,810	4,488
Suspense accounts	10	950,316
Value Added Tax	2,156	1,633
	30,423	**991,395**

9. Other assets

	Sept 2008 $'000	Sept 2007 $'000
Lease Asset	100,179	110,550
Stocks of notes and coins	84,050	98,794
Consumables	1,094	1,148
	185,323	**210,492**

Lease Asset

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

Stock of notes and coins	Sept 2008 $'000	Sept 2007 $'000
Notes	62,513	44,419
Coins	21,537	54,375
	84,050	**98,794**

10. Property, plant and equipment

	Land & Building $'000	Leasehold Property $'000	Machinery & Equipment $'000	Computer Equipment $'000	Furniture, Fixture & Fittings $'000	Capital work in progress $'000	Total $'000
As at 30 September 2008							
Net book value							
Balance b/fwd 01 Oct 2007	190,143	106	26,701	12,437	22,936	13,257	265,580
Transfers	994	-	8,876	5,604	2,145	(17,619)	-
Reclassification of assets	-	-	-	-	-	-	-
Additions	494	-	2,612	2,869	497	11,939	18,411
Disposals	-	-	(49)	(110)	(77)	-	(236)
Revaluation adjustment	-	-	-	-	-	-	-
Depreciation for the year	(13,070)	(7)	(9,580)	(6,181)	(2,038)	-	(30,876)
Balance c/fwd	**178,561**	**99**	**28,560**	**14,619**	**23,463**	**7,577**	**252,879**
Represented by:							
Cost	391,173	298	79,607	50,329	35,636	7,577	564,620
Accumulated depreciation	(212,612)	(199)	(51,047)	(35,710)	(12,173)	-	(311,741)
	178,561	**99**	**28,560**	**14,619**	**23,463**	**7,577**	**252,879**
As at 30 September 2007							
Net book value							
Balance b/fwd 01 Oct 2006	195,025	113	33,636	17,487	11,055	7,881	265,197
Transfers	7,842	-	1	444	4,158	(12,445)	-
Reclassification of assets	-	-	-	-	-	-	-
Additions	1,005	-	4,229	1,193	2,276	17,872	26,575
Disposals	(1,867)	-	(1)	(2)	(75)	(51)	(1,996)
Revaluation adjustment	-	-	-	-	7,232	-	7,232
Depreciation for the year	(11,862)	(7)	(11,164)	(6,685)	(1,710)	-	(31,428)
Balance c/fwd	190,143	106	26,701	12,437	22,936	13,257	265,580
Represented by:							
Cost	389,685	298	70,703	50,850	33,710	13,257	558,503
Accumulated depreciation	(199,542)	(192)	(44,002)	(38,413)	(10,774)	-	(292,923)
	190,143	**106**	**26,701**	**12,437**	**22,936**	**13,257**	**265,580**

11. Demand liabilities

	Sept 2008 $'000	Sept 2007 $'000
Demand liabilities - foreign		
Foreign deposits	10,154	12,950
Government special accounts	137,630	237,993
Bilateral Accounts	14,202	27,570
	161,986	**278,513**
Demand liabilities - local		
Notes in circulation	3,837,031	3,303,122
Coins in circulation	149,935	137,024
Deposits by commercial banks	8,302,628	6,381,292
Deposits by non-banking financial institutions	424,239	365,802
Statutory deposits - insurance companies	11,835	51,374
Deposits by government and government agencies	15,265,642	10,474,399
Deposits by other current accounts	2,522,788	2,031,011
Deposits by regional and international institutions	1,017,391	1,028,771
	31,531,489	**23,772,795**

Deposits by financial institutions

The statutory reserve requirements of commercial banks was changed in July 2008 to 15 percent, and that for non-banking financial institutions remained unchanged at 9 percent throughout the period. The Bank also continued the special measures implemented in 2006 to manage the excess liquidity in the system. Accordingly, interest bearing deposits held by commercial banks were rolled over for one (1) year and the temporary secondary reserve requirement of two (2) percent of commercial banks' prescribed liabilities, introduced in October 2006, was maintained throughout the year.

12. Accounts payable

	Sept 2008 $'000	Restated Sept 2007 $'000
Trade payables and accrued charges	108,638	716,881
Interest payable	590,673	566,443
Unclaimed monies	4,061	3,728
Government special accounts	23,450	17,576
Blocked accounts	22,976,603	13,893,533
Other payables	2,615,315	1,540,917
	26,318,740	**16,739,078**

13. Provisions

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

13. Provisions cont'd

	Sept 2008 $'000	Sept 2007 $'000
Building fund	175,656	184,073
Gold reserve	138,064	90,576
Financial institutions intervention	2,000	10,000
Foreign currency exchange rate reserves	(7,469)	15,183
Pension reserve	214,135	123,963
Revaluation reserve on investments	37,935	544,691
	560,321	**968,486**

14. Income from foreign currency assets

	Sept 2008 $'000	Sept 2007 $'000
Interest on United States Dollar Balances & Securities	1,640,422	1,750,022
Interest on Sterling Balances & Securities	77,391	24,791
Interest on other foreign balances & securities	89,576	35,948
Currency Gains/(Losses) realised	(251,361)	215,703
Gains from fair value changes	434,542	157,772
	1,990,570	**2,184,236**
Expenses from Foreign Currency Assets		
Interest on United States Dollar Balances & Securities	23,170	15,793
Losses from fair value changes	3,961	29,069
	27,131	44,862
Net income from foreign currency assets	**1,963,439**	**2,139,374**

15. Interest and other Income from local currency assets

	Sept 2008 $'000	Sept 2007 $'000
Interest Income		
Investments	36,031	17,964
Loans	2,243	66,923
Other	1,133	1,479
	39,407	**86,366**
Other Income		
Increase in pension assets (see note 7)	90,172	31,172
General Earnings	19,886	10,370
Income from International Monetary Fund	17,641	7,828
Dividends	6,612	2,202
Other	6,444	1,094
Fees charged to financial institutions	5,045	3,684
Profit on sale of assets	347	297
	146,147	**56,647**

16. Other operating expenses

	Sept 2008 $'000	Sept 2007 $'000
Other operating expenses include:		
Advertising and public relations	10,879	3,045
Computer expenses	8,535	8,057
Electricity	3,788	3,946
Insurance	2,261	2,387
Legal fees & settlements	773	39,793
Loss on disposal of assets (see note 10)	193	(28)
Maintenance cost	15,691	13,957
Printing and stationery	3,855	3,711
Professional Fees	3,269	4,301

17. Taxation

	Sept 2008 $'000	Sept 2007 $'000
Business Levy expense	7	7
Tax paid/payable by the company was calculated as follows:		
Net Surplus for the year before taxation	1,408,365	1,856,873
Corporation tax @ 25%	-	-
Income not subject to tax	1,408,365	1,856,873
Business Levy expense	7	7
Tax Charge	7	7

18. Capital commitments

There was $8,000,000 in outstanding commitments for capital expenditure at 30 September, 2008 (2007 – $6,000,000).

19. Leasehold obligations – operating leases

a. Operating leases where the Bank is the lessor

The Central Bank had entered into three-year lease arrangements in 2006 with two companies for offices located in the Central Bank building. The tenants are charged a monthly rental and service fees based on the square footage occupied.

b. Operating leases where the Bank is the lessee

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

20. Comparative figures

The restated Balance Sheet for the year ended 30 September, 2007 resulted from the re-classification of some items in order to achieve a clearer or more transparent presentation. In addition, some account balances changed as a result of several prior period adjustments (Note 21).

Restatement of Balance Sheet items as at 30 September, 2007	Movement 2007 $'000
ASSETS	
Foreign currency assets	
Foreign cash and cash equivalents	(285,709)
Foreign currency investments	313,279
	27,570
Local currency assets	
Local currency cash and cash equivalents	5,412
Local investments	(4,272)
Accounts receivable	355
Property, plant and equipment	(29,464)
	(27,969)
Net restatement of assets	**(399)**
LIABILITIES	
Foreign currency liabilities	
Demand liabilities - foreign	**27,570**
Local currency liabilities	
Demand liabilities - local	**3,911**
Accounts payable	**(3,917)**
Provision for transfer of surplus to government (Note 21)	**17,866**
Provisions (Note 21)	**(45,829)**
	(27,969)
Net restatement of liabilities	**(399)**

21. Prior Period Adjustments

The Financial Statements include prior period adjustments totalling $21 million which resulted in the restatement of several balances in the Financial Statement for the year ended 30 September 2007. As a result, the Consolidated Fund was increased by $21 million and the General Reserve was increased by $2.1 million (10%).

These adjustments represent:

- An amount of $3.1 million, for legal settlements for 2007.
- An amount of $1.5 million, for income related to license fees from insurance companies for 2006 to 2007.
- An amount of ($29.4) million, for depreciation expenses relating to a change in accounting policy effective 30 September 2006.
- An amount of $45.8 million, to the Building Fund to reflect a change in accounting policy effective 30 September 2006.

22. National Financial Literacy Programme

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

- sensitise the population about the significance of personal financial planning, budgeting and management;
- provide the public with the tools and skills necessary to enable them to confront financial issues with a greater degree of confidence and knowledge; and

22. National Financial Literacy Programme cont'd

- develop the awareness and consciousness of the public in general about the benefits and risks of the financial products and services.

	Sept 2008 $'000	Sept 2007 $'000
RECEIPTS		
Contributions received	12,880	3,000
Total Receipts	**12,880**	**3,000**
PAYMENTS		
Administrative Cost	481	53
Advertising & Printing Material	9,529	3,420
Consultancy & Lecture Fees	2,050	1,179
Salaries	1,164	1,665
Total Expenditure	**13,224**	**6,317**
Net payments over receipts for the year	(344)	(3,317)
Balance brought forward	(3,317)	-
Balance carried forward	(3,661)	(3,317)
Represented in the Financial Statements by:		
Accounts Receivable	2,000	2,480
Bank Account	-	(34)
Salaries and related expenses charged to Central Bank	1,661	871
	3,661	**3,317**

23. Capital

	Sept 2008 $'000	Sept 2007 $'000
Authorised capital	800,000	800,000
Paid-up capital	761,874	500,000

24. Key Management Compensation

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

	Sept 2008 $'000	Sept 2007 $'000
Short-term employee benefits	26,622	21,702
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Equity compensation benefits	-	-

25. Balance Sheet – Current/Non-Current distinction

	Sept 2008		
ASSETS	**Current $'000**	**Non-Current $'000**	**Total $'000**
Foreign currency assets			
Foreign currency cash and cash equivalents	30,867,425	-	30,867,425
Foreign currency securities	5,046,708	21,874,542	26,921,250
Foreign receivables	273,332	-	273,332
Subscriptions to international financial institutions	-	121,461	121,461
International Monetary Fund - Holdings of Special Drawing Rights	-	9,171	9,171
	36,187,465	**22,005,174**	**58,192,639**
Local currency assets			
Local currency cash and cash equivalents	2,214,772	-	2,214,772
Local investments	71,118	132,266	203,384
Pension asset	-	214,135	214,135
Accounts receivable and prepaid expenses	14,075	16,348	30,423
Other assets	11,673	173,650	185,323
Property, plant and equipment	-	252,879	252,879
	2,311,638	**789,278**	**3,100,916**
TOTAL ASSETS	**38,499,103**	**22,794,452**	**61,293,555**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	14,202	147,784	161,986
International Monetary Fund - Allocation of Special Drawing Rights	-	443,276	443,276
	14,202	**591,060**	**605,262**
Local currency liabilities			
Demand liabilities - local	7,226,868	24,304,621	31,531,489
Accounts payable	18,055,782	8,262,958	26,318,740
Provision for transfer of surplus to government	1,078,295	-	1,078,295
Provisions	-	560,321	560,321
	26,360,945	**33,127,900**	**59,488,845**
CAPITAL AND RESERVES			
Capital	-	761,874	761,874
General Reserve	-	428,394	428,394
Retained Earnings	-	9,180	9,180
	-	**1,199,448**	**1,199,448**
	26,375,147	**34,918,408**	**61,293,555**

25. Balance Sheet – Current/Non-Current distinction cont'd

	Restated Sept 2007		
ASSETS	**Current $'000**	**Non-Current $'000**	**Total $'000**
Foreign currency assets			
Foreign currency cash and cash equivalents	20,635,508	-	20,635,508
Foreign currency securities	6,029,274	14,841,447	20,870,721
Foreign receivables	350,472	-	350,472
Subscriptions to international financial institutions	-	121,578	121,578
International Monetary Fund - Holdings of Special Drawing Rights	-	9,105	9,105
	27,015,254	**14,972,130**	**41,987,384**
Local currency assets			
Local currency cash and cash equivalents	730,237	-	730,237
Local investments	196,078	170,513	366,591
Pension asset	-	123,963	123,963
Accounts receivable and prepaid expenses	975,174	16,221	991,395
Other assets	11,519	198,973	210,492
Property, plant and equipment	-	265,580	265,580
	1,913,008	**775,250**	**2,688,258**
TOTAL ASSETS	**28,928,262**	**15,747,380**	**44,675,642**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	27,570	250,943	278,513
International Monetary Fund - Allocation of Special Drawing Rights	-	442,068	442,068
	27,570	**693,011**	**720,581**
Local currency liabilities			
Demand liabilities - local	5,247,093	18,525,702	23,772,795
Accounts payable	12,610,297	4,128,781	16,739,078
Provision for transfer of surplus to government	1,676,343	-	1,676,343
Provisions	-	968,486	968,486
	19,533,733	**23,622,969**	**43,156,702**
CAPITAL AND RESERVES			
Capital	-	500,000	500,000
General Reserve	-	285,042	285,042
Retained Earnings	-	13,317	13,317
	-	**798,359**	**798,359**
	19,561,303	**25,114,339**	**44,675,642**

26. Parent

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

Balance Sheet
As at 30 September 2008

	Sept 2008 $'000	Restated Sept 2007 $'000
ASSETS	**Current $'000**	**Total $'000**
Foreign currency assets		
Foreign currency cash and cash equivalents	30,867,425	20,635,508
Foreign currency securities	26,921,250	20,870,721
Foreign receivables	273,332	350,472
Subscriptions to international financial institutions	121,461	121,578
International Monetary Fund - Holdings of Special Drawing Rights	9,171	9,105
	58,192,639	**41,987,384**
Local currency assets		
Local currency cash and cash equivalents	2,214,772	730,237
Local investments	197,384	366,591
Pension asset	214,135	123,963
Accounts receivable and prepaid expenses	27,123	991,395
Other assets	185,323	210,492
Property, plant and equipment	252,879	265,580
	3,091,616	**2,688,258**
TOTAL ASSETS	**61,284,255**	**44,675,642**
LIABILITIES		
Foreign currency liabilities		
Demand liabilities - foreign	161,986	278,513
International Monetary Fund - Allocation of Special Drawing Rights	443,276	442,068
	605,262	**720,581**
Local currency liabilities		
Demand liabilities - local	31,531,489	23,772,795
Accounts payable	26,318,620	16,752,395
Provision for transfer of surplus to government	1,078,295	1,676,343
Provisions	560,321	968,486
	59,488,725	**43,170,019**
CAPITAL AND RESERVES		
Capital	761,874	500,000
General Reserve	428,394	285,042
	1,190,268	**785,042**
	61,284,255	**44,675,642**

26. Parent cont'd

Statement of Earnings
For the period ended 30 September 2008

	Sept 2008 $'000	Sept 2007 $'000
Income from foreign currency assets		
Interest income	1,807,389	1,810,762
Interest expense	(23,170)	(15,793)
	1,784,219	**1,794,969**
(Loss)/gain from currency translations	(251,361)	215,702
Gain from fair value changes	434,542	157,772
Loss from fair value changes	(3,961)	(29,069)
	430,581	**128,703**
	1,963,439	**2,139,374**
Income from local currency assets		
Interest income	39,407	86,366
Rental income	1,800	1,602
Other income	150,204	53,347
	191,411	**141,315**
Decrease in provisions	-	364,810
Total income	**2,154,850**	**2,645,499**
Operating expenses		
Printing and minting of coins	69,875	53,443
Salaries and related expenses	112,010	108,350
Interest paid	400,866	510,094
Directors' fees	520	558
Depreciation	30,876	31,428
Other operating expenses	59,608	88,050
Increase in provisions	68,600	-
Total operating expenses	**742,355**	**791,923**
Net surplus for the year	**1,412,495**	**1,853,576**

26. Parent cont'd

Statement of Changes in Equity
For the year ended 30 September 2008

	Issued and Fully Paid Up Capital $'000	General Reserves $'000	Retained Earnings $'000	Total $'000
Balance as at 1 October 2006	100,000	100,000	7,809	207,809
Net surplus for the year	-	-	1,853,576	1,853,576
Transfer of surplus to consolidated fund	-	-	(1,676,343)	(1,676,343)
Increase in capital	400,000	-	-	400,000
Transfer to general reserve	-	185,042	(185,042)	-
Balance as at 30 September 2007	**500,000**	**285,042**	-	**785,042**
Balance as at 1 October 2007	500,000	285,042	-	785,042
Net surplus for the year	-	-	1,412,495	1,412,495
Transfer of surplus to consolidated fund	-	-	(1,057,269)	(1,057,269)
Increase in capital	50,000	-	-	50,000
Transfer to general reserve	-	143,352	(143,352)	-
Transfer to paid-up capital	211,874	-	(211,874)	-
Balance as at 30 September 2008	**761,874**	**428,394**	**-**	**1,190,268**

26. Parent cont'd

Cash Flow Statement
For the year ended 30 September 2008

	Notes	Sept 2008 $'000	Restated Sept 2007 $'000
Cash flows from operating activities			
Net surplus for the year		1,412,495	1,853,576
Adjustments for non cash items			
Depreciation		30,876	31,428
Net gain on disposal of fixed assets		(154)	(325)
Interest income		(1,823,626)	(1,881,335)
Interest expense		400,866	510,096
Dividend income		(13,969)	(2,202)
Increase /(Decrease) in provisions		68,600	(364,810)
(Decrease) in building fund		(8,417)	(10,100)
Increase / (decrease) in gold reserves		47,488	(44,694)
Increase / (decrease) in foreign currency differences in monetary assets & liabilities		37,328	(101,804)
Changes in operating assets and liabilities			
Decrease / (increase) in accounts receivable & prepaid expenses		957,053	(929,760)
Decrease / (increase) in other assets		14,798	(48,322)
Net pension asset		(90,172)	(31,172)
Decrease / (increase) in accounts payable and other liabilities		17,184,164	(1,006,036)
Net cash flow from / (used in) operations		**18,217,330**	**(2,025,460)**
Cash from investing activities			
Purchase of property plant and equipment		(18,412)	(26,575)
Proceeds from sale of property plant and equipment		390	2,321
Net purchase of investments/proceeds from sale of investments		(6,449,055)	(3,272,304)
Net repayment of loans and advances		6,672	24,655
Interest received		1,915,881	1,812,480
Dividends received		13,969	2,202
Interest paid		(376,636)	(68,165)
Decrease in International Monetary Fund Holding of Special Drawing Rights		1,142	25,537
Payment to Consolidated Fund		(1,655,317)	(749,747)
Net cash used in investing activities		**(6,561,366)**	**(2,249,596)**
Cash from financing activities			
Purchase of shares in international financial institutions		117	(86)
Increase in Capital		50,000	400,000
Lease payment		10,371	10,168
Net cash flow from financing activities		**60,488**	**410,082**
Net increase/(decrease) in cash and cash equivalents		**11,716,452**	(3,864,974)
Cash and cash equivalents, beginning of year		**21,365,745**	25,230,719
Cash and cash equivalents, end of year	4	**33,082,197**	**21,365,745**

Appendices

Operational Statistics

TABLE A.1
CURRENCY IN CIRCULATION
2005-2008

(Dollars Thousand)

End of Month	Notes (Old TT)	Notes (Republic)	Total Notes in Circulation	Coins	Total Currency in Circulation
2005	19,088	2,849,931	2,869,019	121,290	2,990,309
2006	19,088	3,418,501	3,437,589	127,203	3,564,792
Sep-07	19,087	3,284,078	3,303,165	137,024	3,440,189
Oct-07	19,087	4,051,202	4,070,289	141,773	4,212,062
Nov-07	19,087	3,473,227	3,492,314	140,218	3,632,532
Dec-07	19,087	3,364,055	3,383,142	138,711	3,521,853
Jan-08	19,087	3,719,164	3,738,251	142,081	3,880,332
Feb-08	19,087	3,526,818	3,545,905	142,783	3,688,688
Mar-08	19,087	3,694,741	3,713,828	143,691	3,857,519
Apr-08	19,087	3,670,794	3,689,881	144,870	3,834,751
May-08	19,087	3,713,218	3,732,305	145,901	3,878,206
Jun-08	19,087	3,643,278	3,662,365	146,561	3,808,926
Jul-08	19,087	3,770,465	3,789,552	147,926	3,937,478
Aug-08	19,087	3,740,763	3,759,850	148,843	3,908,693
Sep-08	19,087	3,817,987	3,837,074	149,934	3,987,008

TABLE A.2

CENTRAL BANK STATEMENT OF LIABILITIES AND ASSETS, 2007-2008

(TT Dollars Thousand)

	LIABILITIES								ASSETS							
		DEPOSITS							EXTERNAL ASSETS							
End of Month	Currency in Circulation	Commercial Banks	Non-Bank Financial Institutions	Government & Governmental Organisations [1]	International Organisations	Other Liabilities	Capital & Reserve Funds	Total Liabilities	Balances with Banks Abroad [2]	Other Foreign Securities	Gold Subscription to International Monetary Fund	Subscriptions to International Organisations	SDR's	TT Dollar	Other Assets including Fixed Assets	Total Assets
2006/07																
OCTOBER	3,045,280	5,511,480	395,846	24,036,848	428,136	10,762,552	200,000	44,380,142	25,398,306	17,314,812	25,402	96,089	20,711	155,633	1,369,189	44,380,142
NOVEMBER	3,116,675	5,348,252	399,192	22,759,770	428,136	12,181,253	200,000	44,433,278	24,160,353	18,404,003	25,402	96,089	18,547	181,275	1,547,609	44,433,278
DECEMBER	3,560,422	5,687,978	384,047	21,189,971	428,136	10,544,615	200,000	41,995,169	23,324,239	17,188,746	25,402	96,089	18,547	167,354	1,174,792	41,995,169
JANUARY	3,073,630	5,382,528	374,744	22,679,983	428,136	11,123,061	200,000	43,262,082	23,159,307	18,736,045	25,402	96,089	18,547	187,398	1,039,294	43,262,082
FEBRUARY	3,219,203	5,504,236	375,225	23,044,137	428,136	12,905,972	200,000	45,676,909	23,358,935	20,499,005	25,402	96,089	15,905	193,257	1,488,316	45,676,909
MARCH	3,228,663	5,785,675	380,395	13,301,572	428,136	13,308,786	200,000	36,633,227	16,114,855	19,083,226	25,402	96,089	15,905	269,526	1,028,224	36,633,227
APRIL	3,172,608	5,163,272	378,649	14,311,996	428,136	22,808,791	200,000	46,463,452	25,949,438	18,885,161	25,402	96,089	15,883	277,154	1,214,325	46,463,452
MAY	3,291,494	5,326,190	380,575	13,348,464	444,076	23,389,162	200,000	46,379,961	25,516,939	18,758,897	25,402	96,089	12,940	236,601	1,733,093	46,379,961
JUNE	3,292,409	6,169,690	370,017	14,386,199	442,068	16,454,283	200,000	41,314,666	19,940,549	19,943,864	25,402	96,185	12,881	283,000	1,012,785	41,314,666
JULY	3,351,802	5,812,444	367,737	14,603,205	442,068	17,060,132	200,000	41,837,388	20,460,070	19,997,036	25,402	96,192	12,881	332,492	913,315	41,837,388
AUGUST	3,416,953	2,119,038	-	13,276,882	442,068	22,734,678	200,000	42,189,619	19,961,378	20,749,893	25,402	96,177	9,048	342,678	1,005,043	42,189,619
SEPTEMBER	3,440,146	6,381,292	365,802	13,534,182	442,068	19,727,110	785,042	44,675,642	20,635,508	20,870,721	25,402	96,176	9,105	366,591	2,672,139	44,675,642
2007/08																
OCTOBER	3,514,490	6,182,590	373,431	13,287,459	442,068	18,714,194	785,042	43,299,274	21,175,631	20,670,788	25,402	96,151	9,105	353,111	969,086	43,299,274
NOVEMBER	3,626,492	5,875,232	363,287	11,398,382	442,068	21,580,049	785,042	44,070,552	20,710,807	21,874,905	25,402	96,148	5,376	306,089	1,051,825	44,070,552
DECEMBER	4,212,021	6,087,171	363,644	11,693,780	442,068	21,574,215	785,042	45,157,941	21,907,378	20,945,299	25,402	96,167	5,376	345,271	1,833,048	45,157,941
JANUARY	3,880,290	5,893,959	363,485	14,198,139	442,068	22,655,081	785,042	48,218,064	20,859,783	25,222,438	25,402	96,163	5,376	399,176	1,609,726	48,218,064
FEBRUARY	3,688,647	6,851,719	386,128	11,962,226	442,069	24,008,560	785,042	48,124,391	17,187,484	29,353,766	25,402	96,163	2,056	434,305	1,025,215	48,124,391
MARCH	3,857,476	7,795,784	407,300	13,867,490	442,068	22,098,507	785,042	49,253,667	19,064,511	28,346,115	25,402	96,188	14,391	402,487	1,304,573	49,253,667
APRIL	3,834,708	6,931,203	420,133	15,089,094	442,068	22,509,967	785,042	50,012,215	19,606,160	28,026,101	25,402	96,140	14,357	740,623	1,503,432	50,012,215
MAY	3,878,162	6,840,720	417,097	14,368,025	469,617	21,599,418	785,042	48,358,081	19,318,195	26,653,887	25,402	95,974	12,514	577,797	1,674,312	48,358,081
JUNE	3,808,884	8,993,683	422,659	18,882,620	469,617	24,130,366	785,042	57,492,871	27,585,739	28,572,546	25,402	95,970	12,514	218,416	982,284	57,492,871
JULY	3,937,436	7,789,407	415,386	17,596,444	469,617	25,539,452	785,042	56,532,784	27,678,347	27,191,007	25,402	96,016	12,514	298,730	1,230,768	56,532,784
AUGUST	3,908,650	8,497,843	422,471	15,882,408	469,617	25,793,096	785,042	55,759,127	26,881,436	27,461,107	25,402	96,027	9,716	236,852	1,048,587	55,759,127
SEPTEMBER	3,986,966	8,302,628	424,239	18,805,821	443,276	28,131,057	1,190,268	61,284,255	30,867,425	26,921,250	25,402	96,059	9,171	197,384	3,167,564	61,284,255

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 AVERAGE CASH RESERVES
For Period Ending September 2008

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves ($000)	Average Cash Reserves ($000)
3-Oct-07	31,661,518	3,482,767	3,563,612
10-Oct-07	31,794,109	3,497,352	3,707,288
17-Oct-07	31,653,245	3,481,857	3,551,906
24-Oct-07	31,626,509	3,478,916	3,915,257
31-Oct-07	31,625,018	3,478,752	4,050,090
7-Nov-07	31,747,900	3,492,269	4,116,860
14-Nov-07	31,918,273	3,511,010	4,091,411
21-Nov-07	32,202,445	3,542,489	3,640,128
28-Nov-07	32,521,455	3,577,360	3,661,686
5-Dec-07	32,579,618	3,583,758	3,711,895
12-Dec-07	32,893,091	3,618,240	3,792,530
19-Dec-07	32,916,373	3,620,801	4,143,232
26-Dec-07	32,958,018	3,625,382	3,848,448
2-Jan-08	33,328,027	3,666,083	3,844,342
9-Jan-08	33,625,991	3,698,859	3,749,767
16-Jan-08	34,025,455	3,742,800	3,809,444
23-Jan-08	34,056,091	3,746,170	3,795,160
30-Jan-08	33,653,655	3,701,902	3,793,761
6-Feb-08	33,284,873	3,661,336	3,723,925
13-Feb-08	32,933,691	3,622,706	4,050,628
20-Feb-08	32,867,709	3,615,448	3,890,292
27-Feb-08	33,141,162	4,308,351	4,589,818
5-Mar-08	33,267,785	4,324,812	4,743,166
12-Mar-08	33,488,838	4,353,549	4,791,824
19-Mar-08	33,702,569	4,381,334	4,536,334
26-Mar-08	33,832,862	4,398,272	5,221,892
2-Apr-08	33,989,785	4,418,672	5,157,402
9-Apr-08	34,448,554	4,478,312	4,551,097
16-Apr-08	34,720,954	4,513,724	4,635,394
23-Apr-08	34,793,623	4,523,171	4,695,469
30-Apr-08	35,065,208	4,558,477	4,729,899
7-May-08	34,796,446	4,523,538	4,650,913
14-May-08	34,807,146	4,524,929	4,787,768
21-May-08	34,963,646	4,545,274	4,555,591
28-May-08	34,961,392	4,544,981	4,609,973
4-Jun-08	34,971,362	4,546,277	4,608,834
11-Jun-08	34,989,438	4,548,627	4,695,640
18-Jun-08	34,975,900	4,546,867	5,042,222
25-Jun-08	34,859,762	4,531,769	6,376,214
2-Jul-08	34,876,769	4,533,980	5,154,222
9-Jul-08	35,193,969	4,575,216	4,840,963
16-Jul-08	35,412,169	4,603,582	5,294,256
23-Jul-08	35,650,031	4,634,504	5,202,767
30-Jul-08	36,244,980	5,436,747	5,535,534
6-Aug-08	36,086,720	5,413,008	5,924,005
13-Aug-08	36,207,900	5,431,185	6,035,505
20-Aug-08	36,359,740	5,453,961	5,956,480
27-Aug-08	36,314,333	5,447,150	5,721,928
3-Sep-08	36,100,693	5,415,104	6,344,300
10-Sep-08	35,982,673	5,397,401	6,277,779
17-Sep-08	35,870,680	5,380,602	6,298,830
24-Sep-08	35,615,233	5,342,285	6,568,765

TABLE A.4

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

For Period Ending September 2008

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves ($000)	Average Cash Reserves ($000)
3-Oct-07	4,063,689	365,732	375,463
10-Oct-07	4,064,478	365,803	366,181
17-Oct-07	4,087,544	367,879	366,936
24-Oct-07	4,111,367	370,023	370,417
31-Oct-07	4,104,789	369,431	373,431
7-Nov-07	4,102,011	369,181	373,176
14-Nov-07	4,086,200	367,758	371,813
21-Nov-07	4,061,033	365,493	369,462
28-Nov-07	4,032,478	362,923	363,287
5-Dec-07	3,976,733	357,906	358,265
12-Dec-07	3,975,411	357,787	358,120
19-Dec-07	3,982,989	358,469	358,939
26-Dec-07	4,004,744	360,727	359,629
2-Jan-08	4,043,656	363,929	364,497
9-Jan-08	4,044,867	364,038	364,605
16-Jan-08	4,042,478	363,823	364,390
23-Jan-08	4,038,056	363,425	363,992
30-Jan-08	4,032,622	362,936	363,482
6-Feb-08	4,017,356	361,562	362,330
13-Feb-08	4,015,622	361,406	362,337
20-Feb-08	4,146,778	373,210	374,355
27-Feb-08	4,274,667	384,720	386,128
5-Mar-08	4,397,644	395,788	397,353
12-Mar-08	4,511,456	406,031	407,733
19-Mar-08	4,505,644	405,508	406,126
26-Mar-08	4,519,556	406,760	407,294
2-Apr-08	4,536,611	408,295	408,838
9-Apr-08	4,553,789	409,841	409,942
16-Apr-08	4,559,644	410,368	410,920
23-Apr-08	4,609,278	414,835	415,385
30-Apr-08	4,661,011	419,491	420,133
7-May-08	4,682,844	421,456	422,196
14-May-08	4,699,667	422,970	423,513
21-May-08	4,657,378	419,164	419,806
28-May-08	4,628,378	416,554	417,097
4-Jun-08	4,632,100	416,889	416,991
11-Jun-08	4,641,311	417,718	418,726
18-Jun-08	4,671,233	420,411	421,356
25-Jun-08	4,685,267	421,674	422,587
2-Jul-08	4,684,678	421,621	422,606
9-Jul-08	4,681,033	421,293	422,279
16-Jul-08	4,640,633	417,657	418,644
23-Jul-08	4,625,389	416,285	417,271
30-Jul-08	4,604,456	414,401	415,361
6-Aug-08	4,603,644	414,328	415,307
13-Aug-08	4,651,556	418,640	423,102
20-Aug-08	4,653,178	418,786	419,725
27-Aug-08	4,682,867	421,458	422,491
3-Sep-08	4,703,033	423,273	424,287
10-Sep-08	4,694,967	422,547	423,556
17-Sep-08	4,708,033	423,723	424,765
24-Sep-08	4,696,211	422,659	426,047

CENTRAL BANK OF
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