Central Bank of Belize

Financial Statements for the Years Ended December 31, 2012 and 2011 and Independent Auditors' Report

CENTRAL BANK OF BELIZE

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Central Bank of Belize:

Report on the Financial Statements

We have audited the accompanying financial statements of Central Bank of Belize, which comprise the statements of financial position as of December 31, 2012 and 2011, the statements of income, statements of other comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Central Bank of Belize Act. 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Bank of Belize as of December 31, 2012 and 2011, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and the Central Bank of Belize Act.

Castillo Sanchez & Burrell, LLP

Chartered Accountants
March 22, 2013

CENTRAL BANK OF BELIZE

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011 (IN BELIZE DOLLARS)

ASSETS	Notes	2012	2011
APPROVED EXTERNAL ASSETS:			
Bank balances and deposits with foreign bankers – unrestricted		**$ 3,488,883**	$ 5,766,431
Bank balances with foreign bankers – restricted	5	**20,000,000**	20,000,000
Reserve Tranche and balances with the International Monetary Fund	6	**74,556,970**	74,606,409
Other foreign credits instruments	7	**459,694,013**	333,903,945
Accrued interest and cash-in-transit	8	**3,726,103**	1,623,878
Marketable securities issued or guaranteed by foreign governments and international financial institutions	9	**16,050,000**	47,221,429
Total approved external assets		**577,515,969**	483,122,092
BALANCES WITH LOCAL BANKERS AND CASH ON HAND		**375,612**	166,923
BELIZE GOVERNMENT SECURITIES	10	**97,797,000**	114,559,241
BELIZE GOVERNMENT CURRENT ACCOUNT	11	**53,889,860**	45,120,655
OTHER ASSETS	12	**13,284,046**	12,784,335
POST EMPLOYMENT OBLIGATIONS	28	**3,341,174**	4,048,955
INVESTMENT SECURITIES	13	**20,000,000**	20,000,000
PROPERTY AND EQUIPMENT	14	**27,923,590**	28,099,915
INTANGIBLE ASSETS	15	**499,294**	523,583
TOTAL ASSETS		**$794,626,545**	$708,425,699

The notes on pages 10 to 45 are an integral part of these financial statements.

CENTRAL BANK OF BELIZE

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2012 AND 2011 (IN BELIZE DOLLARS)

LIABILITIES, CAPITAL AND RESERVES	Notes	2012	2011
DEMAND LIABILITIES:			
Notes and coins in circulation		**$238,140,570**	$210,578,509
Deposits by licensed financial institutions	16	**329,106,259**	264,700,936
Deposits by and balances due to Government and Public sector entities in Belize		**113,648,556**	120,293,819
Deposits by international agencies	17	**1,569,431**	1,274,195
Total demand liabilities		**682,464,816**	596,847,459
BALANCES DUE TO CARICOM CENTRAL BANKS		**555,676**	425,195
OTHER LIABILITIES	18	**11,319,832**	5,338,635
LOANS FROM FOREIGN INSTITUTIONS	19	**9,046,508**	14,460,221
IMF SDR ALLOCATIONS	20	**55,010,352**	54,961,890
COMMERCIAL BANKS' DISCOUNT FUND	21	**273,915**	111,548
TOTAL LIABILITIES		**758,671,099**	672,144,948
CAPITAL ACCOUNT:			
Paid - up capital (Authorized capital $10,000,000)		**10,000,000**	10,000,000
REVALUATION ACCOUNT	22	**3,655,946**	3,548,001
ASSET REVALUATION RESERVE	27	**103,431**	102,235
POST EMPLOYMENT OBLIGATION RESERVE	28	**3,341,174**	4,048,955
GENERAL RESERVE	23	**18,854,895**	18,581,560
TOTAL LIABILITIES, CAPITAL AND RESERVES		**$794,626,545**	$708,425,699

The financial statements on pages 3 to 9 were approved and authorized for issue by the Board of Directors on April 1, 2013 and are signed on its behalf by:

) CHAIRMAN
)
)
) GOVERNOR
)
)
) DEPUTY GOVERNOR, OPERATIONS

The notes on pages 10 to 45 are an integral part of these financial statements.

CENTRAL BANK OF BELIZE

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2012 AND 2011 (IN BELIZE DOLLARS)

	Notes	2012	2011
CONTINUING OPERATIONS			
INTEREST INCOME:			
Approved external assets	24	**$ 3,752,815**	$ 3,600,514
Advances to Government		**5,569,942**	4,801,665
Local securities		**6,774,222**	7,309,311
		16,096,979	15,711,490
Other income:			
Discount on local securities		**266,420**	549,173
Commissions and other income		**2,509,146**	2,454,472
Total income		**18,872,545**	18,715,135
LESS: Interest expense		**(244,223)**	(483,880)
Income from operations		**18,628,322**	18,231,255
EXPENDITURE:			
Printing of notes and minting of coins		**(2,214,563)**	(2,041,854)
Salaries and wages, including superannuation contribution and gratuities	25	**(8,954,001)**	(8,447,745)
Depreciation and amortization	14, 15	**(871,964)**	(792,664)
Administrative and general expenses	26	**(3,854,459)**	(3,604,869)
Total expenditure		**(15,894,987)**	(14,887,132)
Profit for the year		**$ 2,733,335**	$ 3,344,123
PROFIT FOR THE YEAR TRANSFERABLE TO THE GENERAL RESERVE FUND AND CONSOLIDATED REVENUE FUND		**$ 2,733,335**	$ 3,344,123
Transfer to general reserve fund in accordance with Section 9(1) of the Act	23	**(273,335)**	(334,412)
Balance credited to the Accountant General for the consolidated revenue fund		**$ 2,460,000**	$ 3,009,711
Profit for the year attributable to:			
Owner of the Bank		**$ 2,733,335**	$ 3,344,123
EARNINGS PER SHARE			
From continuing operations:			
Basic and diluted		**$ 2,733,335**	$ 3,344,123

The notes on pages 10 to 45 are an integral part of these financial statements.

CENTRAL BANK OF BELIZE

STATEMENTS OF OTHER COMPREHENSIVE INCOME
DECEMBER 31, 2012 AND 2011 (IN BELIZE DOLLARS)

		2012	2011
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**$2,733,335**	$3,344,123
Other comprehensive loss:			
Actuarial loss on post-employment obligations		**(707,781)**	-
Additions to artwork		**1,196**	-
Revaluation of financial assets	22	**107,945**	(4,090)
Other comprehensive loss for the year		**(598,640)**	(4,090)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**$2,134,695**	$3,340,033
Total comprehensive income attributable to:			
Owner of the Bank		**$2,134,695**	$3,340,033

The notes on pages 10 to 45 are an integral part of these financial statements.

CENTRAL BANK OF BELIZE

STATEMENTS OF CHANGES IN EQUITY
DECEMBER 31, 2012 AND 2011 (IN BELIZE DOLLARS)

	Paid-up capital	Revaluation account	Asset revaluation reserve	Post-employment obligation	General reserve	Accumulated profits
January 1, 2011	$10,000,000	$3,552,091	$102,235	$4,048,955	$18,247,148	$ -
Profit for the year from continuing operations	-	-	-	-	-	3,344,123
Other comprehensive(loss) income	-	(4,090)	-		-	-
Transfer to Government of Belize	-	-	-	-	-	(3,009,711)
Balance credited to the Accountant for the Consolidated Revenue Fund	-	-	-	-	334,412	(334,412)
December 31, 2011	10,000,000	3,548,001	102,235	4,048,955	18,581,560	-
Profit for the year from continuing operations	-	-	-	-	-	2,733,335
Other comprehensive income	-	107,945	1,196	(707,781)	-	-
Transfer to Government of Belize	-	-	-	-	-	(2,460,000)
Balance credited to the Accountant for the Consolidated Revenue Fund	-	-	-	-	273,335	(273,335)
December 31, 2012	**$10,000,000**	**$3,655,946**	**$103,431**	**$3,341,174**	**$18,854,895**	**$ -**

The notes on pages 10 to 45 are an integral part of these financial statements.

CENTRAL BANK OF BELIZE

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011 (IN BELIZE DOLLARS)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	**$ 2,733,335**	$ 3,344,123
Adjustments to reconcile comprehensive income to net cash provided by operating activities:		
- Amortization of museum endowment fund(Note 12)	**57,815**	57,815
- Depreciation of property and equipment (Note 14)	**731,550**	758,094
- Amortization of intangible asset (Note 15)	**140,414**	34,570
- (Gain) loss on disposal of property and equipment	**(11,177)**	1,496
Cash provided by operating activities before operating assets and liabilities	**3,651,937**	4,196,098
Changes in operating assets and liabilities:		
Belize Government current account	**(8,769,205)**	(12,075,012)
Treasury notes – net	**8,290,000**	(11,297,000)
Securities	**31,171,429**	(13,121,429)
Reserve tranche in the International Monetary Fund	**(13,918)**	40,151
Other assets	**(556,330)**	(866,876)
Other liabilities	**5,981,197**	(1,606,347)
Revaluation account	**107,945**	(4,090)
Net cash provided by (used in) operating activities	**39,863,055**	(34,734,505)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment	**-**	(20,000,000)
Acquisition of property and equipment	**(570,048)**	(384,529)
Proceeds from sale of assets	**26,000**	-
Acquisition of intangible assets	**(116,125)**	(558,153)
Net cash used in investing activities	**(660,173)**	(20,942,682)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes and coins in circulation	**27,562,061**	18,975,952
Transfer to Consolidated Reserve Fund	**(2,460,000)**	(3,009,711)
Deposits by licensed financial institutions	**64,405,323**	41,131,975
Deposits by and balances due to Government and Public Sector Entities	**(6,645,263)**	22,720,303
Deposits by international agencies	**295,236**	(725,950)
Balances due to Caricom Central Banks	**130,481**	(654,932)
Commercial Bank Discount Fund	**162,367**	95,632
IMF SDR allocations	**48,462**	(186,924)
IMF Enda facility	**(5,413,713)**	(49,169)
Net cash provided by financing activities	**$ 78,084,954**	$ 78,297,176

CENTRAL BANK OF BELIZE

STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011 (IN BELIZE DOLLARS)

	2012	2011
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**$462,504,517**	$439,884,528
NET INCREASE IN CASH AND CASH EQUIVALENTS	**117,287,836**	22,619,989
CASH AND CASH EQUIVALENTS, END OF YEAR	**$579,792,353**	$462,504,517
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:		
EXTERNAL ASSETS:		
Balances and deposits with foreign bankers	**$ 3,488,883**	$ 5,766,431
Restricted bank balances	**20,000,000**	20,000,000
Other foreign credit instruments	**459,694,013**	333,903,945
Accrued interest	**1,303,583**	1,164,234
Cash-in-transit	**2,422,520**	459,644
Balance with the International Monetary Fund	**61,592,742**	61,656,099
	548,501,741	422,950,353
LOCAL ASSETS:		
Cash and bank balances	**375,612**	166,923
Government of Belize Treasury Bills	**-**	22,331,241
Current portion of Treasury Notes	**30,915,000**	17,056,000
	31,290,612	39,554,164
	$579,792,353	$462,504,517

The notes on pages 10 to 45 are an integral part of these financial statements.

1. GENERAL INFORMATION

Central Bank of Belize, (the Bank), was established under the Central Bank of Belize Act 1982, Chapter 262 of the Substantive Laws of Belize, and has its principal place of business in Belize City, Belize. Legislation covering its operations includes the Central Bank of Belize Act, the Banks and Financial Institutions Act, the International Banking Act, the Money Laundering and Terrorism (Prevention) Act, Treasury Bill Act, the Financial Intelligence Unit Act along with associated statutory instruments, Circulars and guidance notes and the Exchange Control Act.

The principal objectives of the Bank are to foster monetary stability especially in regards to the exchange rate, and to promote banking, credit and exchange conditions conducive to the growth of the economy of Belize. The address of the Bank's registered office is Gabourel Lane, Belize City, Belize.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following is a summary of the more significant accounting policies adopted by the Bank in preparing its financial statements in accordance with International Financial Reporting Standards (IFRS), the Central Bank of Belize Act and the Banks and Financial Institutions Act.

a. <u>Form of presentation of the financial statements</u> – IFRS and the Central Bank of Belize Act 1982 have been used as a model for the presentation and disclosure framework to provide additional information and analysis of key items in the financial statements.

b. <u>Basis of presentation</u> – The financial statements are prepared on the historical cost basis, modified to include the revaluation of certain assets and liabilities as identified in specific accounting policies below.

c. <u>Change in accounting policies</u> – The accounting policies adopted in the preparation of these financial statements are consistent with those followed for the year ended December 31, 2011, except for the adoption of one amendment as noted below. This amendment currently does not have an effect on the financial performance or position of the Bank.

- *IFRS* 7 - Disclosures - Transfers of financial assets (Amendment); The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. Effective implementation date is for annual periods beginning on or after 1 July 2011 with no comparative requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

- *IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)*
  As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

- *IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*
  The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and these items have been separately disclosed in the Statement of Other Comprehensive Income.

- *IAS 19 Employee Benefits (Revised)*
  The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The Bank intends to adopt the standard when it becomes effective.

- *IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32*
  These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Bank's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

- *IFRS 1 Government Loans – Amendments to IFRS 1*
  These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment will have no impact on the Bank.

- *IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7*
  These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation.

  The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Bank's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

- *IFRS 9 Financial Instruments: Classification and Measurement*
  IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 has had an effect on the classification and measurement of the Bank's financial assets and financial liabilities. The Bank will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

- *IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements*
  IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The amendment with not have any impact since the Bank currently holds no such investments. This standard becomes effective for annual periods beginning on or after 1 January 2013.

- *IFRS 11 Joint Arrangements*
  IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

  The new standard will have no impact the financial position of the Bank since it does not have any such arrangements. This standard becomes effective for annual periods beginning on or after 1 January 2013, and is to be applied retrospectively for joint arrangements held at the date of initial application.

- *IFRS 12 Disclosure of Interests in Other Entities*
  IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Additional disclosures may be required when the standard becomes effective for annual periods beginning on or after 1 January 2013.

- *IFRS 13 Fair Value Measurement*
  IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Bank is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

Annual Improvements May 2012

These improvements will not have an impact on the Bank, but include:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

- *IFRS 1 First-time Adoption of International Financial Reporting Standards*
  This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

- *IAS 1 Presentation of Financial Statements*
  This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

- *IAS 16 Property Plant and Equipment*
  This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

- *IAS 32 Financial Instruments, Presentation*
  This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

- *IAS 34 Interim Financial Reporting*
  The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

  These improvements are effective for annual periods beginning on or after 1 January 2013.

d. Financial instruments –

Date of recognition
The Bank initially recognizes financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Amortized cost measurement
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

Classification
Financial assets

At inception a financial asset is classified as measured at amortised cost or fair value. A financial asset qualifies for amortised cost measurement only if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, then it is measured at fair value.

The Bank makes an assessment of a business model at a portfolio level as this reflects best the way the business is managed and information is provided to management.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Bank considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- how management evaluates the performance of the portfolio;
- whether management's strategy focus on earning contractual interest revenues;
- the degree of frequency of any expected asset sales;
- the reason for any asset sales; and
- whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

Any financial assets held for trading are not held within a business model whose objective is to hold the asset in order to collect contractual cash flows.

- The Bank has designated certain financial assets at amortized cost. Note 31 sets out the amount of each class of financial asset that has been designated at amortized cost. A description of the basis for each designation is set out in the note for the relevant asset class.

Note 31 also sets out reconciliation between financial asset classes and measurement categories. Financial assets are not reclassified subsequent to their initial recognition, except when the Bank changes its business model for managing financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

The Bank designated financial assets at fair value through profit or loss in the following circumstances:

- the assets were managed, evaluated and reported internally on a fair value basis;
- the designation eliminated or significantly reduced an accounting mismatch, which would otherwise have arisen; or
- the asset contained an embedded derivative that significantly modified the cash flows that would otherwise have been required under the contract

Note 31 sets out the amount of each class of financial asset that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset class.

Financial liabilities

The Bank classifies its financial liabilities as measured at amortised cost or fair value through profit or loss.

The Bank has designated financial liabilities at fair value through profit or loss when liabilities contain embedded derivatives that significantly modify the cash flows that would otherwise be required under the contract. Note 30 sets out the amount of each class of financial liabilities that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant liability class.

Financial guarantees and commitments to provide a loan at a below-market interest rate are subsequently measured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue.

Note 31 also sets out reconciliation between financial liability classes and measurement categories.

International Monetary Fund balances

As fiscal agent and depository, the Bank is authorized in its own right rather than as an agent for the Government of Belize, to carry out transactions with the International Monetary Fund (IMF) and to maintain the Fund's currency holdings. Accordingly, all transactions by the Bank with the IMF have been included in these financial statements.

Belize's Reserve Tranche position with the IMF is recorded by the Bank as a foreign asset. Exchange gains and losses arising on revaluation of IMF assets at the exchange rate applying at the statements of financial position date as published by the IMF are recognized in the Revaluation account in accordance with section 50 of the Central Bank of Belize Act 1982.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

Foreign Marketable Securities
These consist of debentures issued by the Governments of Dominica and bonds issued by Barbados and IBRD.

Belize Government Securities
The Bank's investment portfolio includes treasury bills, treasury notes and Belize Defence Bonds issued by the Government of Belize.

Loans to Government
Loans to Government represent direct provisional advances to Government of Belize under Section 34 of the Central Bank of Belize Act 1982.

Loans to Public Sector
Loans to the public sector are carried at the original amount less an allowance for any uncollectible amounts. A provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the estimated recoverable amount. There are currently no loans to any public sector entity.

Currency in Circulation
The fair value of currency in circulation is considered to be its face value as reported in the financial statements.

Deposits
The carrying amounts of deposits are considered to approximate their fair value as they are payable on demand. The carrying amounts of cash and cash equivalents, and other short-term instruments and obligations at the statements of financial position date estimate fair value because of the relative short-term maturities of these assets and liabilities. Long-term obligations have been contracted at market terms and their carrying amounts approximate fair value to the extent it is practicable to estimate.

Other Financial Assets and Liabilities
Local and foreign currency cash, deposits and short term advances are recognized on settlement date.

Derecognition
The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. In addition, prior to January 1, 2011 any cumulative gain or loss that had been recognised in other comprehensive income was also recognised in profit or loss.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

Fair value measurement
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair value of an instrument is measured using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Bank, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The Bank calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, i.e. without modification or repackaging, or based on a valuation technique whose variables include only data from observable markets.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable parameters is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

As allowed by IFRS 9 certain financial instruments can be designated as 'fair value through other comprehensive income' or have the changes in fair value presented in other comprehensive income.

Identification and measurement of impairment

At each reporting date the Bank assesses whether there is objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. The Bank considers evidence of impairment for loans and advances and investment securities measured at amortised costs at both a specific asset and collective level.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

All individually significant loans and advances and investment securities measured at amortised cost are assessed for specific impairment. All individually significant loans and advances and investment securities measured at amortised cost found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and investment securities measured at amortised cost that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investment securities measured at amortised cost with similar risk characteristics.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Bank writes off loans and advances and investment securities when they are determined to be uncollectible (see note 12).

e. Use of estimates – All accounting estimates and assumptions that are used in preparing the financial statements are consistent with the Bank's latest approved budgeted forecast where applicable. Judgments are based on the information available at each statements of financial position date. Although these estimates are based on the best information available to management, actual results may ultimately differ from those estimates.

f. Revenue and expenses – Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the Bank and in maintaining property, plant and equipment in a state of efficiency has been charged to income, thereby arriving at the profit for the year. Miscellaneous income and expenses are recognized on an accrual basis.

g. Inventories – Inventories are carried at lower of cost or net realizable value. Cost is determined on a first-in-first-out basis.

h. Property and equipment, depreciation and amortization – Fixed assets are carried at cost, and are depreciated on a straight line basis over their estimated useful lives. Land is not depreciated. Depreciation is charged at the following rates:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Property and equipment, depreciation and amortization (Continued)

Property	1% – 5%
Furniture	10%
Equipment	10% – 25%
Vehicles	20%

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing items and restoring the site on which they are located. The cost of software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to depreciation are reviewed at each reporting date to assess whether there is any indication that an asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value (less costs to sell) and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of income. Maintenance, repairs and renewals are charged against revenue in the year the expenditure is incurred; major renewals and improvements are capitalized.

An item is derecognized upon disposal, by sale or scrapping, or when no further future economic benefits are expected from its use. Upon derecognition, the cost and related accumulated depreciation are removed from the accounting records. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount, is included in the Statement of Income in the year the asset is derecognized.

i. Intangible asset and amortization – Management has made certain judgments and assumptions when capitalizing intangible assets. Projects are assessed to determine compliance with established criteria in accordance with IFRS. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Intangible asset and amortization (Continued)

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the intangible asset. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized.

The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized. Intangible assets for the Bank comprise of a purchased website, software and related software licenses. A summary of the policies applied to the bank's intangible asset is as follows:

Useful life: Finite
Amortization: Amortized over the useful economic life of 5 years

j. Impairment of non-financial assets –

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. The recoverable amount of the non-life insurance cash generating unit is determined based on a value–in-use calculation. The calculation requires the Bank to make an estimate of the expected future cash flows and discount these amounts using a suitable rate which reflects the risk of those cash flows in order to calculate the present value of those cash flows. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. When a financial instrument is traded in an organized and liquid market that is able to absorb a significant transaction without moving the price against the trader, quoted market values represent fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Employee benefits –

Pension
The Bank operates a defined benefit pension scheme for employees. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement. The legal obligation for any benefits remains with the Bank, even if plan assets for funding the defined benefit plan have been set aside. Contributions are made by the Bank and employees to a separately administered fund. The cost of providing benefits under this plan is determined using an accrued benefit valuation method.

Gratuity
The Bank is liable to pay gratuity for contract employees who are not eligible to participate in the pension scheme. In order to meet this liability, a provision is carried forward in the statements of financial position equivalent to an amount calculated on 20% of the annual salary for each completed year of service, commencing from the first year of service. The resulting difference between the brought forward provision at the beginning of a year and the carried forward provision at the end of a year is dealt within the statement of income. The gratuity liability is neither funded nor actuarially valued. This item is grouped under "Other liabilities" in the Statements of Financial Position.

Severance
With effect January 1, 2005, an employee with a minimum of ten years of continuous service who resigns his employment is eligible to one week severance pay for each year of service (amended to two weeks' severance after ten years by the Labour (Amendment) Act on May 5, 2011) in addition to retirement benefits in accordance with the Central Bank of Belize Pension Scheme Trust Deed and Rules.

l. Sale of special coins – Special coins, which are minted or packaged as collector items, are legal tender. However, no liability is recorded in respect of these coins since they are not expected to be placed in circulation as currency. Minting cost is charged against income in the year incurred. Income is recognized when sales are made. As of January 1, 2011, new purchases of special coins are held as inventory and are charged against income when they are sold.

m. Foreign currency translation and exchange gains and losses – The Bank's financial statements are presented in Belize dollars (BZD), which is the Bank's functional and presentational currency.

Assets and liabilities
Foreign currency balances at the statements of financial position date are translated at the rates of exchange ruling at that date.

Income and expenses
Income and expenses in foreign currencies are translated at the rate of exchange ruling on the transaction date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Foreign currency translation and exchange gains and losses (Continued) –

Revaluation
Section 50 of the Central Bank of Belize Act 1982 stipulates that gains or losses from any revaluation of the Bank's net assets or liabilities in gold, special drawings rights (SDR), foreign exchange or foreign securities as a result of any change in the par value of the Belize dollar or any change in the par value of the currency unit of any other country shall be excluded from the computation of the annual profits and losses of the Bank.

All such gains or losses are credited in a special account called Revaluation Account. Profit is not carried to the General Reserve Fund or paid to the Government under Section 9 (see note 22) when the Revaluation Account shows a net loss, but is first credited to the Revaluation Account in an amount sufficient to cover the loss.

n. Valuation of securities – Securities is stated at the lower of cost or market value. Realized and unrealized gains and losses arising from changes in the market value of securities or the par value of the Belize dollar are transferred to the Revaluation Account.

o. Accrued interest and cash in-transit – Accrued interest and cash in-transit in respect of foreign assets are shown as part of external assets.

p. Taxation – In accordance with Section 52 of the Central Bank of Belize Act, the Bank is exempt from the provision of any law relating to income tax or customs duties and from the payment of stamp duty.

q. Segment reporting – Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Bank has determined the Board of Directors as its chief operating decision maker. The Bank has one operating segment for financial reporting purposes.

3. CENTRAL BANK OF BELIZE ACT SECTION 25 COMPLIANCE

Section 25 of the Act stipulates that:

1. The Bank shall, at all times, hold assets of an amount in value sufficient to cover fully the value of the total amount of its notes and coins for the time being in circulation.

   Management has developed internal controls to ensure compliance with the law. As at December 31, 2012, the Bank was in compliance as the value of total assets was $794,626,544 (2011: $708,425,699) while the value of notes and coins in circulation was $238,140,570 (2011: $210,578,509).

2. The Bank shall maintain at all times a reserve of external assets of not less than 40 percent of the aggregate amount of notes and coins in circulation and of the Bank's liabilities to customers in respect if its sights and time deposits.

3. CENTRAL BANK OF BELIZE ACT SECTION 25 COMPLIANCE (Continued)

Management has developed internal controls to ensure compliance with the law. At December 31, 2012 and 2011 total approved external assets approximated 84 percent and 81 percent of such liabilities respectively.

4. SIGNIFICANT NON-CASH TRANSACTIONS

During the year, the bank entered into the following non-cash operating, activities which are not reflected in the Statement of Cash Flows:

i. The Bank experienced actuarial losses on its pension asset of $707,781. See note 28.
ii. The Bank experienced revaluation gains of $107,945 on its foreign currency balances and IMF funds.

5. BANK BALANCES – RESTRICTED

The bank has an irrevocable standby letter of credit No. 23626469 in favor of Comision Federal De Electricidad, Subdireccion Del Centro Nacional De Control De Energia for an amount not to exceed in aggregate USD $10,000,000. Funds under this letter of credit are available to the beneficiary by sight payment with Citibank N.A. C/O at Citicorp North America. Currently the letter of credit is secured by a restricted USD $10,000,000 deposit at Citibank N.A.

6. RESERVE TRANCHE AND BALANCES WITH THE INTERNATIONAL MONETARY FUND

Belize became a member of the International Monetary Fund in 1982 with a subscription of SDR 7,200,000 of which SDR 1,320,600 was paid in foreign currency (Reserve Tranche) and the remainder in Belize dollars made up of currency and non-interest bearing promissory notes. In 1982, this Reserve Tranche was purchased by the Bank from the Government of Belize. At December 31, 2012, Belize's subscriptions to the International Monetary Fund amounted to SDR 18,800,000. The Reserve Tranche amounted to SDR 4,238,690 and the IMF's currency holdings amounted to SDR 20,037,719 respectively. The Reserve Tranche which earns interest is included in approved external assets in the financial statements at the exchange rate of BZ$3.073840 to SDR 1.0 at December 31, 2012 (2011 - BZD$3.070540 to SDR 1.0).

7. OTHER FOREIGN CREDIT INSTRUMENTS

	2012	2011
At December 31, these instruments comprised:		
Bank of America (Fixed deposit)	**$106,393,011**	$ 20,006,250
Commerzbank (Fixed deposit)	**28,407,983**	28,200,000
Crown Agents Financial Services (Fixed deposit)	**77,165,697**	103,077,487
Barclays Bank PLC (Fixed deposit)	**113,277,211**	90,380,208
Citibank N.A. New York (Fixed deposit)	**28,010,111**	-
Federal Reserve Bank of New York (Overnight deposit)	**103,400,000**	91,000,000
Bank of America (Overnight deposit)	**1,040,000**	1,040,000
Citibank N.A. New York (Overnight deposit)	**2,000,000**	200,000
	$459,694,013	$333,903,945

8. ACCRUED INTEREST AND CASH-IN-TRANSIT

	2012	2011
Accrued interest	**$1,303,583**	$1,164,234
Cash-in-transit	**2,422,520**	459,644
	$3,726,103	$1,623,878

9. MARKETABLE SECURITIES ISSUED OR GUARANTEED BY FOREIGN GOVERNMENTS AND FOREIGN FINANCIAL INSTITUTIONS

These securities, which are carried at amortized cost, consist of the following:

	Face Value	Maturity Date
3.50% Government of Dominica Debenture	**$ 2,000,000**	2034
7.8% Government of Barbados	**8,000,000**	2019
6.75% Government of Barbados	**2,050,000**	2014
2.125% International Bank for Reconstruction and Development Bonds	**4,000,000**	2016
	$16,050,000	

The bank has the positive intent and ability to hold these securities to maturity.

10. BELIZE GOVERNMENT SECURITIES

As at December 31, holdings of Belize Government securities consisted of:

	2012	2011
Treasury Bills	**$ -**	$ 22,331,241
Treasury Notes	**87,797,000**	82,228,000
Belize Defence Bonds	**10,000,000**	10,000,000
	$97,797,000	$114,559,241

The following table classifies the Bank's investments in Belize Government securities by the contractual maturity date of the security:

	2012	2011
Due within 1 year	**$30,915,000**	$ 39,387,241
Due within 1 year through 5 years	**37,288,000**	45,578,000
Due within 5 years through 10 years	**29,594,000**	29,594,000
	$97,797,000	$114,559,241

Section 35(2) of the Central Bank Act, as revised March 2010, stipulates that the Bank shall not at any time hold Belize Government securities in an aggregate amount exceeding ten times the aggregate amount at that time of the paid up capital and general reserves of the Bank. Management has developed internal controls to ensure compliance with the law. At December 31, 2012 and 2011 the Bank's aggregate holding of Belize Government securities approximated 3.39 times and 4.01 times, respectively, the amount of paid up capital and general reserves of the Bank. Government securities are held at fair value.

11. BELIZE GOVERNMENT CURRENT ACCOUNT

The Central Bank of Belize (Amendment) Act 2010 section 4 specifies that such advances shall not exceed eight and one half percent of the current revenues of the Government collected during the preceding financial year. At December 31, 2012, the Bank was in compliance since advances to the Government of Belize totaled $53,889,859, 80% of $67,547,722 which represents eight and one half percent of the Government's revenues collected during April 1, 2011 and March 31, 2012. (2011 - $45,120,655 being 69% of $65,123,381)

12. OTHER ASSETS

	2012	2011
Other assets consist of:		
Bond premium	**$ 65,826**	$ 107,222
Education bond receivable	**168,368**	182,741
Inventory of circulation notes and coins	**6,005,987**	3,055,092
Prepayments and accrued interest	**1,217,862**	3,742,432
Special coins inventory	**1,156,497**	1,192,878
Staff loans receivable	**4,153,701**	3,860,847
Accounts receivable	**108,010**	95,799
Museum endowment fund	**578,150**	578,150
Other	**802,440**	800,744
	14,256,841	13,615,905
Less provisions for doubtful receivables and amortization of museum endowment fund:	**(972,795)**	(831,570)
	$13,284,046	$12,784,335

	2012	2011
Provision for doubtful receivables and amortization:		
Beginning balance, January 1	**$ 831,570**	$ 773,755
Additional provisions and amortization	**141,225**	57,815
Ending balance, December 31	**$ 972,795**	$ 831,570

Museum endowment fund is being amortized over 10 years commencing 2004.

Included in other assets 'other' is an amount of $216,912 due under the Caricom Multilateral Clearing Facility (CMCF). Interest is not being recognized on this amount. The balance is expected to be received from CMCF and the HIPC Trust Fund; however, there is no set repayment date.

13. INVESTMENT IN SECURITIES

Investment represents the Bank's investment of 4,000,000 shares in Belize Telemedia Limited at a price of $5.00 per share totaling $20,000,000. Share certificates numbered 3165, 3166, 3167, 2668 and 2669 dated June 17, 2011 for 800,000 shares each at par value of $1.00 per share have been received by the Bank. The Bank is committed by a "Share Purchase" agreement to not dispose of the shares for at least four years after the date of purchase. Thereafter the Bank can dispose of the shares at the rate of one million shares per annum. If the Bank chooses to sell the shares, it shall offer the Government of Belize the right of the first refusal and the right to object to any buyer before concluding the sale of any of the shares.

14. PROPERTY AND EQUIPMENT

Cost	Property	Furniture	Equipment	Vehicles	Total
Balance at, January 1, 2012	$30,450,824	$1,310,874	$6,448,473	$540,599	$38,750,770
Additions	-	60,825	371,523	137,700	570,048
Disposals	(12,609)	(2,284)	(199,622)	(158,871)	(373,386)
Balance at, December 31, 2012	30,438,215	1,369,415	6,620,374	519,428	38,947,432
Accumulated depreciation					
Balance at January 1, 2012	3,671,710	1,087,504	5,520,699	370,942	10,650,855
Depreciation charge for the year	281,425	42,520	338,354	69,251	731,550
Disposal	-	(2,274)	(197,421)	(158,868)	(358,563)
Balance at, December 31, 2012	3,953,135	1,127,750	5,661,632	281,325	11,023,842
Net book value					
December 31, 2012	**$26,485,080**	**$ 241,665**	**$ 958,742**	**$238,103**	**$27,923,590**
December 31, 2011	$26,779,114	$ 223,370	$ 927,774	$169,657	$28,099,915

15. INTANGIBLE ASSETS

Cost	2012	2011
Balance at, January 1	**$558,153**	$ -
Additions	**116,125**	558,153
Balance at, December 31	**674,278**	558,153
Accumulated Amortization		
Balance at January 1	**34,570**	-
Amortization charge for the year	**140,414**	34,570
Balance at, December 31	**174,984**	34,570
Net Book Value		
December 31, 2012	**$499,294**	$523,583

Intangible assets primarily comprise computer software and related costs.

16. DEPOSITS BY LICENSED FINANCIAL INSTITUTIONS

Under the revised provisions of Section 13 of the Banks and Financial Institutions Act 1995, effective May 1, 2010, licensed financial institutions are required to keep on deposits with the Bank, an amount equivalent to at least 8.5%, of their average deposit liabilities.

17. DEPOSITS BY INTERNATIONAL AGENCIES

The Bank acts as an agent for and accepts deposits from international financial institutions. At December 31, deposits consisted of:

	2012	2011
Caribbean Development Bank	**$ 350,909**	$ 58,565
International Monetary Fund	**147,335**	147,177
Inter-American Development Bank	**897,175**	897,175
Int'l Bank Reconstruction & Development	**29,740**	29,740
EU Banana Support Escrow	**144,272**	141,538
	$1,569,431	$1,274,195

18. OTHER LIABILITIES

	2012	2011
Severance and gratuities	**$ 1,437,636**	$1,148,099
Other staff costs payable	**588,655**	506,411
Abandoned property	**973,119**	1,115,632
License international financial institutions*	**1,600,000**	1,600,000
Belize City Municipal Bonds	**5,500,000**	-
Deferred Income	**765,599**	545,562
Accounts payable	**357,610**	381,352
Unclaimed balances of Belize Unit Trust	**79,728**	-
Bond discount	**17,485**	41,579
	$11,319,832	$5,338,635

*Under Section 21 A (1) of the International Banking Act, licensed financial offshore institutions are required to maintain an account of a minimum balance of $200,000 with the Bank.

19. LOANS FROM FOREIGN INSTITUTIONS

	2012	2011
Effective February 18, 2009, the Executive Board of the International Monetary Fund (IMF) approved SDR 4.7 million (about US$6.9 million) in financing under emergency assistance for natural disasters to support the nation's recovery from the economic after effects of serious storm damage and flooding in 2008. Under the Financial Terms of IMF Credit, the loan is classified as emergency assistance with a basic rate of charge, no surcharge and 50 basis points service charge. The basic rate of charge fluctuates with the market rate for the SDR which is calculated on a weekly basis. Principal payments for the Facility started May 20, 2012 with final payment due on February 20, 2014. The loan was converted at rate SDR 2.950997 to the BZD on February 20, 2009. At December 31, 2012, the loan was revalued at SDR 3.073840 to BZD $1.00 (2011 - SDR 3.070540 to BZD $1.00).	**$9,029,405**	$14,431,538
Interest payable on the facility	**17,103**	28,683
	$9,046,508	$14,460,221

20. IMF SDR ALLOCATIONS

	2012	2011
A general allocation of Special Drawing Rights (SDRs) equivalent to approximately USD $250 billion became effective on August 28th 2009. The allocation is designed to provide liquidity to the global economic system by supplementing the Fund's member countries' foreign exchange reserves. The general SDR allocation was made to IMF members that are participants in the Special Drawing Rights Department (currently all 186 members) in proportion to their existing quotas in the Fund, which are based broadly on their relative size in the global economy. The Quota for the country of Belize is SDR 18,800,000. Based on this quota, the bank received allocations of SDR 17,890,000. At December 31, 2012, the SDR's were revalued at SDR 3.073840 to BZD $1.00 (2011 - 3.070540 to BZD $1.00)	**$55,004,077**	$54,945,026
Interest payable on the facility	**6,275**	16,864
	$55,010,352	$54,961,890

21. COMMERCIAL BANKS' DISCOUNT FUND

Commercial Bank Discount Fund (Fund) is a facility which was established by an agreement signed in March 1983 by the Government of Belize and the United States of America, providing for a discount fund to be operated through the Bank. The United States Government acting through United States Agency for International Development (USAID) earmarked US$5 million in loan funds up to June 30, 1987 to finance this facility. The facility enabled commercial banks in Belize to discount with the Bank up to 100% of loans made to sub-borrowers for projects approved by the Bank and USAID. The Bank is expected to accumulate significant net interest earnings over the repayment term of the USAID loan to form a permanent fund. In 1993, USAID and the Bank agreed that BZ$2 million and BZ$1.5 million from the reflows to the Discount Fund could be used as a line of credit to National Development Foundation of Belize (the Foundation) and Development Finance Corporation (DFC), respectively.

The USAID loan has the following terms:

Interest rate of 2% for the first ten years and 3% thereafter. The loan was repayable within 25 years with a grace period of 9-12 years and 31 equal semi-annual principal payments for 15 ½ years. Final payment to USAID was made in 2009.

In October 2009, the Bank approved an additional discount facility, amount of $1,465,000 at 2% interest per annum, to the Development Finance Corporation.

	2012	2011
Loans receivable from institution	**$(1,263,397)**	$(1,398,467)
Interest paid to USAID	**(2,311,316)**	(2,311,316)
Interest Received from institutions	**3,848,628**	3,821,331
	$ 273,915	$ 111,548

22. REVALUATION ACCOUNT

The Revaluation Account has been set up in compliance with Section 50 of the Central Bank of Belize Act 1982, where all profits or losses are carried to a special account called Revaluation Account.

	2012	2011
Balance at beginning of year	**$3,548,001**	$3,552,091
Prior year exchange gains	**(1,403,751)**	(1,407,840)
Current year exchange gains	**(1,511,696)**	(1,403,750)
(Gain) Loss from revaluation	**(107,945)**	4,090
Balance at end of year	**$3,655,946**	$3,548,001

23. GENERAL RESERVE FUND

Section 9(1) of the Act provides for the establishment of a General Reserve Fund into which is paid 20 percent of the net profit of the Bank in each financial year until the Fund is equal to the amount of the Bank's paid up capital. Thereafter, 10 percent is paid into the Fund.

	2012	2011
Balance at beginning of year	**$18,581,560**	$18,247,148
Transfer from net profit	**273,335**	334,412
Balance at end of year	**$18,854,895**	$18,581,560

24. INTEREST ON APPROVED EXTERNAL ASSETS

	2012	2011
Interest earned on overnight deposits	**$ 149,694**	$ 37,180
Interest earned on marketable securities	**1,197,931**	1,360,559
Interest earned on balances and deposits with foreign bankers and Crown Agents	**2,405,190**	2,202,775
	$3,752,815	$3,600,514

25. SALARIES AND WAGES, INCLUDING SUPERANNUATION CONTRIBUTION AND GRATUITIES

Expense recognized for employee benefits is analyzed below:

	2012	2011
Salaries and wages	**$8,466,670**	$7,973,490
Social security costs	**139,800**	135,939
Pensions - defined benefit plans	**347,531**	338,316
Employee benefits expense	**$8,954,001**	$8,447,745

26. ADMINISTRATIVE AND GENERAL EXPENSES

	2012	2011
Advertising	**$ 50,855**	$ 52,050
Audit fees	**67,388**	64,856
Amortization	**141,225**	57,815
Bank charges	**34,679**	34,287
Bank publications	**33,374**	36,298
Books and publication	**31,103**	38,826
Building repairs and maintenance	**500,401**	428,567
Cash shipment	**5,000**	6,507
Computer software license	**239,288**	166,630
Conference	**54,747**	73,892
Directors' fees	**29,700**	29,900
Donations	**36,781**	36,092
Entertainment	**12,606**	12,960
Equipment maintenance	**16,285**	25,063
Firearm license and ammunition	**8,553**	10,680
Freight charges	**18,219**	8,700
Hurricane preparedness	**3,238**	44,400
Insurance expense	**128,854**	127,527
Legal fees	**360,910**	325,868
Membership fees	**106,285**	76,731
Motor vehicle	**58,325**	55,626
Other miscellaneous expense	**465,775**	219,401
Overseas meeting and conferences	**180,307**	213,137
Professional services and technical support	**115,920**	339,610
Small equipment purchases	**21,099**	11,012
Subscriptions	**20,961**	-
Supplies	**241,605**	235,577
Surveys	**28,450**	26,800
Travel (local)	**14,393**	10,922
Utilities expense	**828,133**	835,135
	$3,854,459	$3,604,869

27. REVALUATION – ASSET

Historical and contemporary pictures and painting were revaluated in 2009 by independent appraiser, Carlos Bardalez, of Belize City whose report is dated November 9, 2009.

28. POST EMPLOYMENT OBLIGATIONS

The Bank operates a defined benefit pension scheme which receives contributions from the Bank and its eligible employees. The scheme is financially separate from the Bank and is managed by a Board of Trustees. Under the plan, the employees are entitled to annual retirement benefits capped at a maximum of 66 percent of final pensionable salary on attainment of the retirement age of 60. In addition, the Bank provides an optional post-retirement medical benefit after retirement.

During the year under review, the Bank contributed $347,531 (2011 - $338,316) to the scheme.

An asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated by independent actuaries a minimum of once every three years using the projected unit cost method. Actuarial gains and losses are recognised in full in the year in which they occur within other comprehensive income.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of long-term government bonds that are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives, where these amounts represent an excess over the 10% corridor.

Significant actuarial assumptions used in the valuation were:

I. A valuation rate of interest of 6% p.a.
II. Discount rate at end of year 6%.
III. A rate of escalation of pensionable salaries of 4% p.a.
IV. Pension will not increase in the course of payments.

PENSION (ASSET) LIABILITY

	Pension Plan 2011	**Post-retirement Medical Benefits**	**Total**
Present value of the obligation	$10,632,000	$1,940,000	$12,572,000
Unrecognized actuarial (gains) losses	(3,341,174)	(117,707)	(3,458,881)
Fair value of plan assets	(13,923,770)	-	(13,923,770)
Net (asset) / liability recognized in statement of financial position	$ (6,632,944)	$1,822,293	$ (4,810,651)

28. POST EMPLOYMENT OBLIGATIONS (Continued)

An entity shall measure the resulting asset at the lower of (a) the amount determined under Section 54 and (b) any cumulative unrecognised net actuarial losses and past service cost, and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

a. Pension asset as per sections 54	$(4,810,651)
b. Cumulative unrecognized net actuarial losses and past service cost plus present value economic benefits	$(3,341,174)
Final pension asset to be recognized on Statement of Financial Position	**$(3,341,147)**

Amounts to be recognized in Statement of Other Comprehensive Income

Pension asset as at December 31, 2011	$(4,048,955)
Pension asset as at December 31, 2012	(3,341,174)
Loss on valuation of Pension asset	**$ 707,781**

Post-retirement Medical Benefit:

The Bank provides post-retirement medical benefits to its retirees. The entitlement to these benefits is available to employees who retire at normal retirement age (NRA) and to those who opt for early retirement. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued every three years by an independent qualified actuary.

Liability to be recognized in the Statement of Financial Position:

Present value of the obligation	$1,940,000
Fair value of plan assets	-
Net surplus	1,940,000
Unrecognized actuarial (gains) losses	(117,707)
Unrecognized past service cost - non-vested benefits	-
Liability to be recognized in the Statement of Financial Position	$1,822,293

29. RELATED PARTY TRANSACTIONS

In the normal course of its operations, the Bank enters into transactions with related parties. Related parties include the Government of Belize and various government departments and entities. All transactions are carried out with reference to market criteria.

Transactions entered into include:

a. Acting as the fiscal agent, banker and financial advisor to the government; the Bank is the depository of the government, its agents and institutions, and provide banking services to government and government departments.
b. Acting as the agent of the government, its agencies, and institutions, the Bank provides guarantees, and participates in loans to government and related institutions.
c. The Bank does not ordinarily collect any commission, fees, or other charges for services it renders to the government or related entities, except in the case of banking and financial services.
d. Acting as the agent of government, the Bank issues government securities, purchases unsubscribed portions of any issue and amounts set aside for the Bank.
e. As the agent of the government, the Bank manages public debt and foreign reserves.

Transactions with related party during the period were as follows:

	Social Security Board	Development Finance Corporation	SSB Mortgage Securitization Proceeds	DFC Mortgage Securitization Proceeds	Financial Intelligence Unit	Belize Tourism Board	BTB/STP	SSB Deposit Account	GOB Current Acct.
Opening Balances	$ (18,026)	$ (231,385)	$(214,022)	$(23,052)	$ (241,664)	$ (131,417)	$(1,024,747)	$ (1,118)	$ 45,120,655
Deposits	1,221,171	12,779,383	855,000	35,209	1,436,815	7,125,660	15,345,662	-	(1,345,724,967)
Disbursements	(1,221,171)	(17,152,610)	(855,597)	(17,604)	(1,500,000)	(8,135,525)	(14,621,335)	-	1,354,494,172
Closing Balances	$ (18,026)	$ (4,604,612)	$(214,619)	$ (5,447)	$ (304,849)	$(1,141,282)	$ (300,420)	$(1,118)	$ 53,889,860

Key management personnel

The following information is presented only in respect of those employees of the Bank who would be considered as key management personnel, as defined under IAS 24 (Related Party Disclosures). This comprises the Governor and Deputy Governors, other members of the Board, and non-executive Directors. At December 31, 2012 and 2011, the number of key management personnel was 19 (2011 - 19).

Compensations of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

Key management personnel

	2012	2011
Short-term benefits	**$1,386,553**	$1,324,726
Post-employment benefits	**42,064**	40,641
Termination benefits	**323,066**	201,044
	$1,751,683	$1,566,411

29. RELATED PARTY TRANSACTIONS (Continued)

Loans and advances to key management personnel
As at December 31, 2012 an amount of $438,660 (2011 - $374,534) was receivable from key managerial personnel as approved advances made by the Bank. No provisions have been recognized in respect of loans given to related parties.

The Bank has a residential mortgage loan program for qualifying permanent staff. This facility is available for a maximum period of 20 years with a variable interest rate initially set at 4.5%.

30. FINANCIAL RISK MANAGEMENT

Credit risk
The Bank is exposed to credit risk, which is the risk of loss arising from the failure of a borrower, issuer, counterparty or customer to meet its financial obligations to the Bank. Credit risk arises in the Bank's management of its Statements of Financial Position, for example in the investment of the Bank's own funds and in the course of the banking services it provides to its customers.

In providing liquidity via the Bank's operation of wholesale payment systems, credit risk is mitigated by dealing with counterparties that meet appropriate credit and functional criteria, and by ensuring that Cash Reserves and Liquid Asset Requirements for licensed financial institutions are met. In addition, credit risk on the securities held by the Bank is managed by holding only high-quality securities, issued chiefly by governments, government agencies and supranational organizations. The following tables break down the Bank's main credit exposure at their carrying amounts, as categorized by geographical regions as of December 31, 2012. In Schedule A, the Bank has allocated exposure to regions based on the country of domicile of the counter parties.

Geographical concentration of assets:

Schedule A

Depository and Money at Call, Overnight Deposits and Fixed Deposits by location

Balance & Money at Call	**USA**	**Canada**	**UK**	**Germany**	**Total**
Depository Accounts & Money at Call	$ 1,663,532	$72,037	$ 1,488,817	$ 264,497	**$ 3,488,883**
Overnight Deposits	126,440,000	-	-	-	**126,440,000**
Fixed Deposits	247,680,333	-	77,165,697	28,407,983	**353,254,013**
Total Exposure	**$375,783,865**	**$72,037**	**$78,654,514**	**$28,672,480**	**$483,182,896**

30. FINANCIAL RISK MANAGEMENT (Continued)

Schedule B

Outline of other Local and Foreign Investments

Securities	**Local**		**Foreign**	
	GOB	**Barbados**	**Dominica**	**IBRD**
Treasury Notes	$87,797,000	$ -	$ -	$ -
Treasury Bills	-	-	-	-
Bonds	10,000,000	10,050,000	-	4,000,000
Debentures	-	-	2,000,000	-
Total Exposure	**$97,797,000**	**$10,050,000**	**$2,000,000**	**$4,000,000**

IFRS 7 also requires the Bank to include additional disclosures for credit risk as it relates to the following:

- maximum amount of exposure (before deducting the value of collateral), description of collateral, information about credit quality of financial assets that are neither past due nor impaired, and information about credit quality of financial assets whose terms have been renegotiated, if any;
- for financial assets that are past due or impaired, analytical disclosures are required; and
- information about collateral or other credit enhancements obtained or called.

These disclosures have been reflected as follows for staff loans amounting to $4,153,701.

	Principal outstanding 31-Dec-12	**Collateral**	
Loan type		**Appraised value**	**Stamped value**
Mortgage loans	$2,799,691	$5,427,371	$3,256,770
Consumer loans	1,354,010	-	-
	$4,153,701	**$5,427,371**	**$3,256,770**

Market and interest rate risk

The Bank is exposed to market risk, principally through changes in the relative interest rates received on its assets and paid on its liabilities. Limited exposure may also be incurred due to changes in exchange rates and to shifts in general market conditions, such as the liquidity of asset markets. The Bank manages this minimal exposure to market risk by projecting all liabilities without the dependence of interest earned on its assets. Also, the Bank's exposure to market risk as a result of changes in exchange rates is mitigated by having minimum required deposits in foreign currencies other than United States dollar.

30. FINANCIAL RISK MANAGEMENT (Continued)

The table below analyses the average interest rates for the Bank's foreign deposit accounts and investments.

Foreign Assets :	Average rate of return 2012	Average rate of return 2011
Depository Accounts & Money at Call	0.7268%	0.7788%
Overnight Deposits	0.0291%	0.0215%
Term Deposits	0.7830%	0.4950%
Bonds	1.9050%	3.8340%
Debentures	3.5000%	3.5000%

Currency risk

The Bank takes on exposure to fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Because of its conservative nature, the Bank's exposure is limited since a significant portion of its external assets are held in US funds and in SDR funds necessary to meet Belize's quota with the IMF, SDR Loan and Allocation obligations. Other external asset funds are kept at a minimum.

The table below indicates the different fund allocations as of December 31, 2012:

	FOREIGN CURRENCY	YEAR-END RATE	BELIZE DOLLAR VALUE
Euro Fund	$ (123,898)	$2.63820	$ (326,868)
Canadian Fund	(35,847)	2.00960	(72,038)
SDR Fund	(3,372,224)	3.07384	(10,365,677)
USD Fund	(249,229,397)	2.00000	(498,458,794)
Sterling Fund	(147,298)	3.23520	(476,538)
BZ$ Fund	508,188,219	1.00000	508,188,219
Current Year Revaluation Gains			**$ (1,511,696)**

	BELIZE DOLLAR VALUE
Revaluation balance, January 1	**$3,548,001**
Prior Year Revaluation Gains	(1,403,751)
Current Year Revaluation Gains	(1,511,696)
Gain on revaluation	**107,945**
Revaluation balance, December 31	**$3,655,946**

30. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

IFRS 7 requires an analysis of the Bank's assets and liabilities at the Statements of Financial Position date into relevant maturity groupings based on the remaining period to the contractual maturity date. This requirement is not relevant to the Central Bank which is the ultimate source of Belize dollar liquidity. In managing the foreign currency liquidity risk, the Bank makes every effort to hold appropriate cash balances by forecasting and monitoring liquidity through cash flow matching and holding a portfolio of liquid foreign exchange reserves. The table below analyses the Bank's assets into relevant maturity grouping based on the remaining period at the statements of financial position date to the contractual maturity date.

Maturities of assets at December 31, 2012

Asset Type	1 Month $	1-3 Months $	3-6 Months $	6-12 Months $	1-5 Years $	Over 5 Years $
Depository Accounts & Money at Call	3,508,884	-	-	-	-	-
Fixed Deposits	70,305,876	54,348,184	40,000,000	188,599,954	-	-
Overnight Deposits	126,420,000	-	-	-	-	-
Treasury Notes	-	3,000,000	-	27,915,000	27,288,000	29,594,000
Bonds	-	-	-	-	16,050,000	8,000,000
Debentures	-	-	-	-	-	2,000,000
Investment in associate	-	-	-	-	-	20,000,000
	200,234,760	**57,348,184**	**40,000,000**	**216,514,954**	**43,338,000**	**59,594,000**

Operational risk

The Bank is exposed to operational risk which can lead to financial losses through error, fraud or inefficiencies. The Bank mitigates this risk by constantly revisiting internal controls, adhering to its fraud policy and reliance on the internal audit function.

31. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortized cost. The principle accounting policies on pages 18 to 26 describe how financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized. The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

At December 31, 2012	Financial assets and liability at fair value through profit or loss	Financial assets and liability at amortized costs	Financial assets and liability at fair value through other comprehensive income	Total
Assets:				
Balances and deposits with foreign bankers and Crown agents	$ -	$ -	$ 3,488,883	$ 3,488,883
Bank balance with foreign banker – restricted	-	-	20,000,000	20,000,000
Reserve Tranche and balances with the International Monetary Fund	-	-	74,556,970	74,556,970
BALANCES WITH LOCAL BANKERS AND CASH ON HAND	375,612	-	-	375,612
Other foreign credit instruments – unrestricted	459,694,013	-	-	459,694,013
Marketable securities issued or guaranteed by foreign government and international institutions	-	16,050,000	-	16,050,000
INVESTMENT	20,000,000	-	-	20,000,000
BELIZE GOVERNMENT CURRENT ACCOUNT	53,889,860	-	-	53,889,860
PENSION ASSET	-	-	3,341,174	3,341,174
Accrued interest and cash transit	3,726,103	-	-	3,726,103
BELIZE GOVERNMENT SECURITIES	97,797,000	-	-	97,797,000
Total financial assets	**$635,482,588**	**$16,050,000**	**$101,387,027**	**$752,919,615**

31. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS (Continued)

At December 31, 2012	Financial assets and liability at fair value through profit or loss	Financial assets and liability at amortized costs	Financial assets and liability at fair value through other comprehensive income	Total
Liabilities:				
Notes and coins in circulation	$238,140,570	$ -	$ -	$238,140,570
Deposits by licensed financial institutions	329,106,259	-	-	329,106,259
Deposits by and balances due to Government and public sector entities in Belize	113,648,556	-	-	113,648,556
Deposits by international agencies	1,569,431	-	-	1,569,431
BALANCES DUE TO CARICOM CENTRAL BANKS	555,676	-	-	555,676
COMMERCIAL BANK DISCOUNT FUND	273,915	-	-	273,915
OTHER LIABILITIES	-	11,319,832	-	11,319,832
LOANS FROM FOREIGN INSTITUTIONS	-	-	9,046,508	9,046,508
IMF SDR ALLOCATIONS	-	-	55,010,352	55,010,352
Total financial liabilities	**$683,294,407**	**$11,319,832**	**$64,056,860**	**$758,671,099**

31. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS (Continued)

At December 31, 2011	Financial assets and liability at fair value through profit or loss	Financial assets and liability at amortized costs	Financial assets and liability at fair value through other comprehensive income	Total
Assets:				
Balances and deposits with foreign bankers and Crown agents	$ -	$ -	$ 5,766,431	$ 5,766,431
Bank balance with foreign banker – restricted	-	-	20,000,000	20,000,000
Reserve Tranche and balances with the International Monetary Fund	-	-	74,606,409	74,606,409
BALANCES WITH LOCAL BANKERS AND CASH ON HAND	166,923	-	-	166,923
Other foreign credit instruments – unrestricted	333,903,945	-	-	333,903,945
Marketable securities issued or guaranteed by foreign government and international institutions	-	47,221,429	-	47,221,429
INVESTMENT	20,000,000	-	-	20,000,000
BELIZE GOVERNMENT CURRENT ACCOUNT	45,120,655	-	-	45,120,655
PENSION ASSET	-	-	4,048,955	4,048,955
Accrued interest and cash transit	1,623,878	-	-	1,623,878
BELIZE GOVERNMENT SECURITIES	114,559,241	-	-	114,559,241
Total financial assets	**$515,374,642**	**$47,221,429**	**$104,421,795**	**$667,017,866**

31. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS (Continued)

At December 31, 2011	Financial assets and liability at fair value through profit or loss	Financial assets and liability at amortized costs	Financial assets and liability at fair value through other comprehensive income	Total
Liabilities:				
Notes and coins in circulation	$210,578,509	$ -	$ -	$210,578,509
Deposits by licensed financial institutions	264,700,936	-	-	264,700,936
Deposits by and balances due to Government and public sector entities in Belize	120,293,819	-	-	120,293,819
Deposits by international agencies	1,274,195	-	-	1,274,195
BALANCES DUE TO CARICOM CENTRAL BANKS	425,195	-	-	425,195
COMMERCIAL BANK DISCOUNT FUND	111,548	-	-	111,548
OTHER LIABILITIES	-	5,338,635	-	5,338,635
LOANS FROM FOREIGN INSTITUTIONS	-	-	14,460,221	14,460,221
IMF SDR ALLOCATIONS	-	-	54,961,890	54,961,890
Total financial liabilities	**$597,384,202**	**$5,338,635**	**$69,422,111**	**$672,144,948**

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