2015
ANNUAL REPORT & STATEMENT OF ACCOUNTS

CENTRAL BANK of BELIZE

CENTRAL BANK of BELIZE

Submitted to the Minister of Finance, Public Service, Energy and Public Utilities in accordance with Section 58 of the Central Bank of Belize Act, Chapter 262, Revised Edition 2000.

Central Bank of Belize
Thirty-Fourth Annual Report
and
Statement of Accounts

For the Year Ending 31 December 2015

Cataloging-in-Publication Data

Annual Report and Statement of Accounts for the year ending ... / Central Bank of Belize. Belize City, Belize : Central Bank of Belize, 2015.

v.; ill; 28 cm.

ISSN 2305 - 7106 (print)

2305 - 5529 (online)

1. Central Bank of Belize - Periodicals. 2. Finance - Periodicals - Belize. 3. Banks and Banking, Central - Periodicals - Belize. I. Title. II. Central Bank of Belize.

HG 2728 C45a 2015

Central Bank of Belize
P.O. Box 852, Gabourel Lane
Belize City, Belize, Central America
Telephone: 501.223.6194 Fax: 501.223.6219
Email: research@centralbank.org.bz
Internet: www.centralbank.org.bz

Mission

To advance the well-being of Belize by facilitating sustained economic growth, protecting the value of the Belize dollar and assuring a safe, sound and efficient financial system.

Vision

An organization defined by a culture of excellence, leading financial transformation and enabling national development.

Core Values

R	Respect
A	Accountability
I	Integrity
T	Teamwork
E	Enthusiasm
D	Dependability

List of Acronyms and Abbreviations

Acronyms:

AML	Anti-money Laundering
AML/CFT	Anti-money Laundering and Combating the Financing of Terrorism
ATS	Automated Transfer System
BCB	British Caribbean Bank
BEL	Belize Electricity Limited
BGA	Banana Growers Association
BRIC	Brazil, Russia, India , China
BSI	Belize Sugar Industries Limited
BSCFA	Belize Sugarcane Farmers Association
BSSB	Belize Social Security Board
BTB	Belize Tourism Board
BTL	Belize Telemedia Limited
CAR	Capital Adequacy Ratio
CARICOM	Caribbean Community
CBR	Correspondent Banking Relations
CDB	Caribbean Development Bank
CFATF	Caribbean Financial Action Task Force
CFZ	Commercial Free Zone
CIF	Cost, Insurance and Freight
CPBL	Citrus Products of Belize Limited
CPI	Consumer Price Index
CSCPA	Corozal Sugarcane Producers Association
CSD	Central Securities Depository
DBFIA	Domestic Banks and Financial Institutions Act, 2012
DFC	Development Finance Corporation
EBS	Enterprise Business System
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
ECLAC	Economic Commission for Latin America and the Caribbean
EU	European Union
FDI	Foreign Direct Investment
FOB	Free on Board
FY	Fiscal Year
GDP	Gross Domestic Product
IBRD	International Bank for Reconstruction and Development/World Bank
ICRG	International Cooperation Review Group
IDB	Inter-American Development Bank
IMF	International Monetary Fund
IT	Information Technology
MOF	Ministry of Finance
NPLs	Non-performing Loans
NPL Ratio	Non-performing Loans (net of specific provisions)/Total Loans
NPS	National Payments System
PSCPA	Progressive Sugarcane Producers Association
ROA	Return on Assets
ROC/Taiwan	Republic of China/Taiwan
ROE	Return on Equity
SCPC	Sugarcane Production Committee
SDR	Special Drawing Rights
SDP	Strategic Development Plan
SIB	Statistical Institute of Belize
UK	United Kingdom
US	United States
VPCA	Venezuelan Petrocaribe Agreement

Abbreviations and Conventions:

$	refers to the Belize dollar unless otherwise stated
bn	denotes billion
mn	denotes million
mt	metric tons
n.a.	not available
n.i.e.	not included elsewhere
ps	Pound Solid

Abbreviations and Conventions:

1. Since May 1976, the Belize dollar has been fixed to the US dollar at the rate of US$1.00 = BZ$2.00
2. The 2015 figures in this report are provisional and the figures for 2014 have been revised.
3. Unless otherwise indicated, the Central Bank of Belize is the source of all tables and charts.

Table of Contents

Directors and Principals

At 31 December 2015

BOARD OF DIRECTORS

John Mencias - Chairman

Nestor Vasquez - Vice Chairman

Vanessa Retreage - Member, (January - November 2015)

Alan Slusher - Member

Glenford Ysaguirre - Governor, Ex officio Member

Joseph Waight - Financial Secretary, Ex officio Member

Christine Vellos - Deputy Governor, Ex officio Member

Marilyn Gardiner-Usher - Deputy Governor, (Alternate)

PRINCIPAL OFFICERS

Glenford Ysaguirre - Governor

Christine Vellos - Deputy Governor, Research

Marilyn Gardiner-Usher - Deputy Governor, Operations

Carol Hyde - Director, Human Resources

Angela Wagner - Director, Administration

Hollis Parham - Director, Finance

Diane Gongora - Acting Director, Financial Sector Supervision

Azucena Quan-Novelo - Director, Research

I. Rabey Cruz - Director, Information Technology

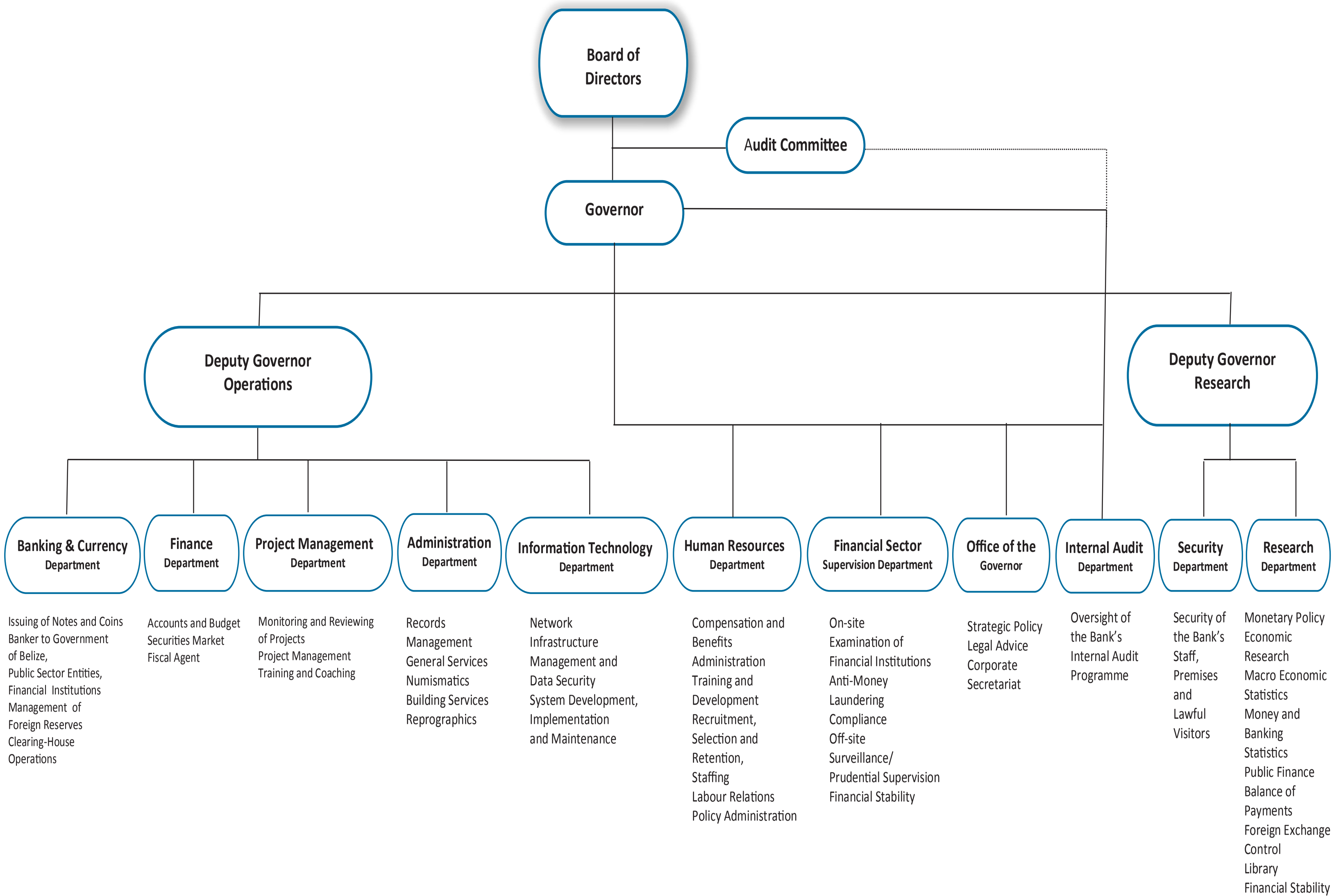
Effie Ferrera - Director, Internal Audit

Glen Reneau - Director, Security

Michelle Estell - Director, Banking & Currency

Sheree Smiling Craig - Director, Project Management

Functional Chart



Governor's Foreword

2015 was an episodic year for Belize on both the political and economic fronts. Punctuated by heightened fiscal activity occasioned by three by-elections, municipal elections and an historic general election that earned Prime Minister Dean Barrow an unprecedented third term in office, the economy was nevertheless weakened by weather and disease related setbacks in agriculture and marine production. It was the continued growth in stay-over tourism that partly offset this and helped to underpin a modest GDP expansion of 1.0%.

On a global level, economic activity was further bridled by the slowdown in China and other emerging economies, and there was wide spread speculation and uncertainty surrounding the degree, if not the direction, of US monetary policy adjustments until late in the year. Regionally, growth and economic stability were threatened by the phenomenon dubbed as de-risking by global banks. Banks across the Caribbean region were suddenly confronted with the systematic and deliberate cutoff of access to the international financial system as large global banks withdrew or withheld certain services to avoid, rather than mitigate, what home regulators and international AML-CFT policy makers classified as high risk activities. These included correspondent banking relationships and clearing accounts for money remittance businesses, two areas that are extremely critical to the financial stability and economic survival of open economies across the Caribbean and Central America.

The Central Bank of Belize was at the forefront of the regional efforts to draw international attention to these unintended but nonetheless disproportionate and debilitating consequences of de-risking on small open economies. While, on the one hand, AML-CFT and regulatory standard setters acknowledge that, if left unaddressed, this de-risking phenomenon will lead to crisis in small open economies, they underemphasize the fact that it is the direct result of uncertainty as to the extent to which the new enhanced monitoring framework should be applied. Global banks are equally resolute in defending their risk/reward models which focus on compliance costs versus transaction volumes and which are heavily biased in favour of their profits. By the close of 2015, this impasse led Moody's Rating Agency to believe that, if left unresolved, de-risking could actually precipitate a credit event.

Despite its intensive focus on mitigating the negative impact of de-risking on the banking system, the Central Bank was still able to make significant progress in the roll out of its strategic plan to reform the domestic financial system for greater efficiency and responsiveness. Several major projects that will provide the enabling infrastructure and

Governor's Foreword *continued*

build institutional capacity saw noteworthy advancement and are on target for full roll out mid to late 2016. These include the flagship National Payments Systems project which is on schedule to go live in September 2016; the enterprise business system project which was started in 2014 and is all but completed except for the human resources and business intelligence modules; the upgrade of the information technology infrastructure and the economic data management project which is now slated for a July 2016 roll out.

In conclusion, the stability of the financial system continued to be assured with balance sheet improvements being recorded by the domestic banks notwithstanding the mounting challenge of de-risking by global correspondent banks. Prudent reserve management also remained the hallmark of the Bank's monetary policy strategy, and the international reserves were kept well above four months of merchandise imports throughout 2015. This modest buffer helped to ensure that the fixed exchange rate peg remained well protected and that the substantial external payments for the nationalized utilities and other associated claims could be readily accommodated.

Turning our attention to the upcoming year, it does not appear likely that the challenges will be any less in grappling with the task of finding solutions that will enable Belize to maintain access to the international financial system, a major cornerstone for economic activity. This work is ongoing, and the Central Bank will also continue to focus on building resiliency in the banking system to reduce vulnerability to various shocks, assuring a stable currency to facilitate sustainable growth, and significantly raising the level of safety and efficiency in payments for goods and services. Our compass thus remains firmly fixed on the Central Bank's mission to advance the wellbeing of Belize.

Glenford Ysaguirre
Governor

Central Bank Operations

Governance

The Board of the Central Bank of Belize is comprised of three ex officio members (the Governor, a Deputy Governor and the Financial Secretary) and four other members who are appointed by the Minister of Finance. The Board's composition was constant through most of the year, until the beginning of November when Director Ms. Vanessa Retreage, a member appointed by the Minister of Finance, left to take up a new appointment as Belize's Attorney General.

Section 12 (1) of the Central Bank Act requires no less than ten Board meetings in each year, on dates designated by the Chairman. A quorum consists of three members, one of whom must be the Governor or a Deputy Governor. Board decisions are by majority of votes cast with the presiding Chairman having a second or casting vote in the event of a tie.

In 2015, the Board met 12 times during which consideration was given to 17 board decision papers and 65 information papers. All meetings were held at the Central Bank headquarters in Belize City.

Attendance at Board Meetings in 2015:

Mr. John Mencias - Chairman	12
Mr. Nestor Vasquez - Vice Chairman	12
Ms. Vanessa Retreage - Member	10
Mr. Alan Slusher - Member	10
Glenford Ysaguirre - Governor (ex officio)	10
Joseph Waight - Financial Secretary (ex officio)	10
Christine Vellos - Deputy Governor (ex officio)	12
Marilyn Gardiner-Usher - Deputy Governor (alternate)	11

Conduct of Central Bank of Belize Board Members

On taking up appointment, each member is required under Section 18(1) of the Central Bank Act to maintain confidentiality as regards the affairs of the Board and the Bank. Members must also satisfy the general conditions of qualification of Directors as laid out in Section 15 of the Central Bank Act, adhere to the Code of Conduct for Board Members, and in the case of members who are executives of the Bank, also subscribe to the Central Bank's Employee Code of Conduct. Over and above the legislated requirements, members recognise their responsibility for maintaining a reputation of integrity and propriety on the part of the Board and the Bank in all respects. Directors commit to:

- Discharge their duties with care and diligence;
- Act in good faith and in the best interest of the Central Bank;
- Not use their position to benefit themselves or any other person, or to cause detriment to the Central Bank or any person;
- Not use any information obtained by virtue of their position to benefit themselves or any other person, or to cause detriment to the Central Bank or any person; and
- Declare any material personal interest where a conflict arises with the interests of the Central Bank.

Audit Committee

The Bank's Audit Committee is chaired by non-executive director Mr. Alan Slusher and is comprised of one other non-executive director and the Deputy Governor Operations (Mrs. Marilyn Gardiner-Usher). Director Nestor Vasquez was appointed to the Audit Committee in December 2015 to replace Director Vanessa Retreage who demitted office in November. The Chief Internal Auditor (Mrs. Effie Ferrera) acts as secretary to the Committee.

The Audit Committee assists the Board in its efforts to exercise high level oversight of the affairs of the Bank and in providing strategic policy direction to the management of the Bank's operations by:

- Providing assurance that adequate arrangements are in place to track the Central Bank's exposure to material risk across its operations, and that there is regular reporting to management on risk exposure;
- Reviewing and discussing the Central Bank's audited financial statements and letter of recommendation with the Central Bank's external auditors; and
- Reviewing Internal Audit reports on internal controls and reporting on these matters to the Board.

Internal Audit

In accordance with the Bank's strategic oversight objectives, the Internal Audit Department focused on assessing the effectiveness of the Bank's system of internal controls and its compliance with the statutory requirements during the year. Programmed assurance audits were conducted on staff benefits, business continuity planning, banking operations, cash management, bank supervision and physical security. Special reports on all these audits were prepared and presented to the Audit Committee. The Chairman of the Audit Committee subsequently provided the Board with updates on the findings of the audits.

As part of its proceedings, the Audit Committee met with key personnel of the Bank and the external auditors to review and discuss the annual financial report for 2014 and the external auditor's letter of recommendation prior to Board submission. The Committee also addressed matters pertaining to the internal audit function and reported on these activities to the Board.

Monetary and Financial Stability

The Central Bank's Monetary Policy Committee, comprising of the Governor, the Deputy Governors, the Directors of Research, Financial Sector Supervision, Finance and Banking and Currency and senior economists, met 12 times in 2015. Policy measures were geared to preserve the foreign reserves position, which averaged 5.2 months coverage of merchandise imports during 2015. With the economy and private sector credit expanding at a modest pace, it was determined that the Bank's monetary policy stance should remain unchanged. The statutory and cash reserve requirements of the domestic banks thus remained at 23.0% and 8.5%, respectively, and the minimum interest rate on ordinary savings deposits was held at 2.5%. There was a notable surge in credit to the public sector in 2015 with negative impact on the Central Bank's net foreign asset holdings; however, these changes were linked to one-off payments in September for outstanding liabilities related to the Government's nationalization of the telecommunication and electricity utilities in 2009 and 2011, respectively. The aforementioned payments contributed to a dip in the official reserves, which at year-end was still sufficient to cover approximately 5.0 months of merchandise imports, compared to the traditional benchmark for reserve adequacy of 3.0 months of import coverage.

Safeguarding the stability of the financial system continued to be a Central Bank priority objective.

Safeguarding the stability of the financial system continued to be a Central Bank priority objective, and in this regard, further technical assistance from CARTAC was received in 2015 to enhance the Bank's in-house capacity to monitor and report on the financial stability of the system. In addition to guidance in developing specific macro-prudential indicators for Belize, Central Bank staff received training in current approaches to stress testing that give greater emphasis to forward looking scenarios that impact the financial system to varying degrees. CARTAC assistance was also received for revision of the template used for reporting on financial stability, and this was adopted for the Central Bank's preparation of its first publishable financial stability report covering 2014.

The execution of the Central Bank's three-year strategic plan gained momemtum in 2015.

Strategic Initiatives

The execution of the Central Bank's three-year plan to realize its mandated vision and mission gained momentum in 2015. Under the organizational themes of Modernization, Operational Excellence and Sustainable Value Creation for Stakeholders, the Bank continued the pursuit of its major strategic objectives to:

a) Improve financial services' regulations and infrastructure;
b) Improve efficiency/effectiveness/timeliness of advice and banking services provided to the Government;
c) Improve work output quality and quantity; and
d) Assure readiness of human, information and organizational capital for strategy execution.

The Bank made major progress on ongoing key strategic projects intended to improve the financial system infrastructure and its operational efficiency such as the reform of the national payments system (NPS), the further rollout of an enterprise business solution (EBS, Technology One), the implementation of a database (FAME) management system along with upgrade of its information technology infrastructure (ITI).

NPS Project

The NPS project encompasses development of the legal and regulatory framework as well as the creation of the infrastructure for the operation of an automated transfer system (ATS) and a central securities depository (CSD). The ATS will seamlessly connect domestic banks and other participants to allow for efficiency, safety, and speed in the transfer and settlement of payments between institutions, while the CSD will facilitate the recording and trading of government securities. The new ATS-CSD system will be known as the Automated Payment and Securities Settlement System of Belize or APSSS for short. Implementation is expected to result in increased electronic commerce, reduced use of cash and cheques whilst facilitating interbank market operations, monetary policy operations and capital market development.

The reform of the national payments system focused on the legislative framework and procurement of an automated payment system.

In 2015, the reform of the NPS proceeded on two fronts – the legislative framework and the procurement of the ATS. A draft bill was developed and refined with the assistance of a professional legal drafter incorporating stakeholder feedback. In August, the draft bill along with the consequential amendments to related legislation was forwarded to the Office of the Solicitor General (through the Minister of Finance) for further review and certification before submission to parliament. It is expected that the bill and regulations will be presented to parliament during the second quarter of 2016.

Three potential software suppliers for the ATS-CSD were shortlisted, all of whom responded to the Central Bank's invitation to conduct product demonstrations and submit bids. The result of this exhaustive process was the selection of Montran Corporation as the software supplier with a requirement to provide a solution that would be uniquely tailored to Belize's specific needs. The blueprint report was

Group picture of Central Bank and Montran officials at contract signing for the procurement of the ATS

submitted to the Central Bank in October and the work of configuring the software commenced immediately thereafter. A series of workshops were subsequently conducted to ensure participants' engagement and readiness for the projected launch of this system. The projected date for software installation is March 2016 with a "go-live" date of August 2016. The Bank also developed a plan to recruit, train and have in place additional staff to develop, operate and oversee the APSSS by early 2016.

EBS Project

Having successfully implemented the core financial, fixed asset and supply chain modules of the EBS in 2014, the Bank turned its focus to the business intelligence, budgeting and payroll/human resource modules in 2015. The budgeting module became operational in September and the customization of the operations of the payroll module began with extensive user testing in November and December. Given the progress to date, it is projected that the roll-out of the payroll and human resource modules will take place within the first half of 2016. Work also advanced in customizing the business intelligence module to improve performance monitoring capacity through reports, dashboards, deeper access to information and analytics.

The roll out of the Bank's EBS project continued and several important milestones were achieved in the FAME database project.

FAME Project

The project to install FAME, a centralised database management system, achieved several important milestones as well. The FAME software will improve the Central Bank's efficiency in managing the economic, monetary and financial statistics that it collects with significant enhancements to the operations of its Financial Sector Supervision Department and Research Department being anticipated. In May, the project scope document and the timeframe for completion was formalized. Much of the work in the first six months of the year centered on analysing the historical data to configure the new database for data transfer and input. In October, a sensitization workshop was held for all reporting financial institutions regulated by the Central Bank and, in November, a workshop was held to train Central Bank staff in the use of the new software. The FAME database system is projected to "go live" by mid-2016 after user acceptance testing, which is to start in February 2016.

Other Projects

In order to support and provide the required cyber security for the new business applications and systems such as the APSSS, FAME and the enterprise business system, a project was launched to upgrade the existing information technology infrastructure (IT) to make it a high availability system. The upgrade was successfully completed in October with the modernization allowing for the creation of virtual servers and real time recovery of full system operations at a disaster recovery site. The first phase (installation of the CISCO Access and Core switches) was completed in March, followed by phase two (installation of the new hardware and virtualization capabilities) in April, and phase three (installation of the security system) in October 2015.

The Bank's IT infrastructure was significantly upgraded and notable progress was also made in a project to improve the mechanical and electrical systems of the Bank's headquarters.

Notable progress was also made in projects to upgrade both the physical and operational infrastructure of the Bank's building and plants. An urgent replacement of the HVAC/BMS of the Bank's headquarters building was launched in early 2015. With the assistance of local and overseas consultants, there was sign-off on the electromechanical design and selection of a contractor to implement a turnkey project. Installation work is slated for completion in the second quarter of 2016.

A project to upgrade the Bank's physical security management system was also launched. After outlining the project scope, the Central Bank canvassed prospective vendors and drafted the terms of reference for recruitment of a consultant to provide technical support with further development of the requirement specifications, selection of a vendor and successful implementation of the project. The consultant is to be brought on board in 2016.

Another key initiative was aimed at improving the effectiveness of the Central Bank's website which averaged 3,720 users per month in 2015. To fine-tune its web content strategy, the Central Bank arranged for staff to be trained by its website developer and formulated plans for a website audit to be conducted in 2016 that will enable the Bank to gauge the extent to which it is meeting the needs of its online audience. Thereafter, recommended enhancements will be considered and an implementation plan developed.

Human Resources

To accomplish the objective of assuring readiness of human, information and organizational capital, the Central Bank maintained focus on fostering a highly engaged, motivated and satisfied workforce and building competency through specialized training.

Training and Development

The staff of the Information Technology Department participated in a number of training workshops in the ongoing programme to build the necessary capacity for implementation of the Bank's strategic projects. This included training in network infrastructure development with special concentration on CISCO implementation and security, which provided new insights on security policies and risk management. Other employees in the supervisory and professional grades received specialized training provided by the World Bank, IMF, the US Federal Reserve and CARTAC in subject areas pertaining to supervision of banks and credit unions, compilation of balance of payments statistics, external vulnerability analysis, payments systems, internal auditing of information technology, operational risk management and AML/CFT compliance. Professional staff also accessed training through on-line programmes focusing on macroeconomic forecasting, financial programming and auditing for records management. Other areas of focus for staff at the professional, supervisory and auxiliary levels included soft skills development such as critical thinking, public relations, supervisory management, and online courses in security procedures, first aid, records management and procurement management.

Technical assistance was received from CARTAC to strengthen and build the Central Bank's in-house capacity for effective surveillance of the financial system's stability. The focus areas were techniques to build macro-prudential indicators of financial stability tailored to the domestic system and the incorporation of a forward-looking approach to the stress test methodology currently being used.

As part of its educational public outreach, the Central Bank's foreign exchange unit conducted training workshops attended by more than 100 employees of the domestic banks. The training was geared to ensuring compliance with the exchange control regulations in foreign currency transactions with customers and in submission of the exchange control reports.

Staffing and Employee Relations

At year-end, the Central Bank's staff complement was 177, of which six were employed on contracts of service, three as temporary staff and two as part-time workers. Twenty persons joined the Bank during the year and ten persons left its

Staff Orientation Training at the Bank

employ, including four retirees. There was one promotion to the senior auxiliary grade.

At the Annual Employee Recognition Ceremony, employees who reached notable milestones during the period, 1 July 2014 to 30 June 2015, were recognized and rewarded. Twenty employees were rewarded for their commitment and long service to the Bank, comprising eight for ten years of service, seven for 15 years, one for 20 years and four for 25 years. The Bank continued to promote effective teamwork across the organization, and employees were recognized for their contribution to teams that completed cross-functional projects.

The Hay Group was contracted to assist the Central Bank in better aligning its staff compensation and benefits with the domestic labour market.

Compensation Study

In September, the Hay Group was contracted to carry out a Comprehensive Compensation Study for the Central Bank aimed at achieving a better alignment of the Central Bank's compensation and benefit system with that of similar type organizations in the domestic labour market. The assignment was initiated in the last quarter of the year with consultant interviews of key personnel, training in job evaluation and benchmarking of jobs. The preliminary findings were submitted in December, and a final report, expected in the first quarter of 2016, will provide detailed recommendations to inform the Central Bank's strategy on recruitment, development and retention of staff.

Corporate Relations/Community Service

In continued demonstration of its commitment to national education, the Central Bank facilitated internships to nine students at the university and junior college

Staff poses with Belize City Mayor Bradley: Labour Day Cleanup in Belize City

levels to meet their core requirements for graduation. In addition, six senior high school students completed work study programmes at the Central Bank, and eight students currently in pursuit of Bachelor's and Associate's Degrees were hired under the Summer Employment Programme and benefited from the opportunity to develop their skills and gain practical job experience.

Concern for the needy in the community motivated the Central Bank and its staff to donate to the Annual Salvation Army Christmas Appeal, the Belize Cancer Society and the Kidney Association of Belize. Bank staff also participated in the Annual Cancer Walk in solidarity with those afflicted by cancer.

During the year, the Central Bank's Staff Club was active in organizing social events that included the Family Day, Staff Christmas Party and a Christmas Party for children of staff. As part of its Cultural Outreach Programme, the Staff Club raised funds to assist with the renovation of a Primary School in the Belize District and medical expenses for a young child. The Banker's Christian Fellowship joined in these efforts and also continued to engage in monthly praise and worship services and community outreach activities throughout the year.

Oversight of the Financial System

Under the umbrella of the Central Bank's enhanced monitoring programme, notable improvements were registered in the performance indicators of the financial system in 2015. In addition to across-the-board improvement in the ratio of non-performing loans (net of specific provisions) to total loans (NPL ratio) all domestic banks joined international banks and credit unions in reporting profits for the first time in five years. During the year, there were also increases in the level of capitalization of domestic and international banks and credit unions.

In April, the Central Bank issued a Corporate Governance Practice Direction aimed at improving the transparency and fiduciary management of all licensed financial institutions (and the groups to which they belong). The Direction set guidelines for the conduct and compensation of boards, risk management, senior management's responsibilities, internal controls and disclosure and transparency.

AML/CFT

In other major developments, significant progress was made in the strengthening of Belize's framework for anti-money laundering and combatting the financing of terrorism (AML/CFT). A raft of legislative amendments and administrative adjustments enabled the country to exit the third round of evaluations by the Caribbean Financial Action Task Force (CFATF) and the enhanced scrutiny of the International Cooperation Review Group (ICRG) in May 2015. One month earlier, in a groundbreaking initiative aimed at providing further assurance that its operational procedures were compliant with the law and international standards, the Central Bank instituted its own AML/CFT policy manual. Indications are that other regional central banks are now considering the benefits of undertaking such a move.

As part of its mission to assure the safety, soundness and efficiency of the financial system, the Central Bank conducted on-site examinations of two domestic banks, three international banks and two credit unions during the year. Staff also conducted on-site examinations to assess the degree of compliance of six institutions with the AML/CFT regulatory framework.

Large Credit Approval

As required under section 57(2) of the Domestic Banks and Financial Institutions Act, 2012 (DBFIA) and section 21:02(2) of the International Banking Act, domestic and international banks sought Central Bank's approval to extend credit facilities that exceeded 25.0% of their paid-up and unimpaired capital and reserves. Arising out of this, the Bank granted approval for loans amounting to $46.9mn issued by domestic banks and US$20.8mn issued by international banks. A noteworthy development during the year was the completion of a syndicated loan to the Santander Group by two domestic and three locally licensed international banks for a combined value of $108.0mn, which was fully disbursed by the third quarter of 2015. In addition to the funding from local sources, the Santander Group borrowed US$35.0mn from foreign institutions for its sugar project.

Acquisition of FCIB Branch

In August, First Caribbean International Bank (Barbados) Limited (FCIB) informed the Central Bank of its decision to divest itself of its Belize branch, which had been in operation since 1949 previously under the Barclays' brand. FCIB (Barbados) is the product of a joint venture in 2002 between Barclays Bank PLC and Canadian Imperial Bank of Commerce that is headquartered in Barbados. After years of less than stellar performance partly due to its management model of centralized decision making, FCIB conducted a regional country by country assessment, and this resulted in the decision to close its Belize operations and sell the assets and net liabilities to Heritage Bank Limited. The projected date for completion of the transition process is the end of January 2016.

Correspondent Banking Relations (CBR)

Among the events causing deep concern during the year was the loss of international banking relationships by several locally licensed banks due to the rising incidence of de-risking measures taken by global correspondent banks. The existence of correspondent banking services is a necessary precondition for conducting international trade and cross-border transactions with non-resident entities. The decision of international regulators and policy makers to designate correspondent banking services as a high risk activity for AML/CFT purposes precipitated a sharp withdrawal of participating banks trying to avoid the potential for huge regulatory fines.

The high cost of meeting the escalating regulatory compliance standards for AML/CFT risk mitigation has forced many global banks to rethink their engagement strategy in offering correspondent banking services. The foreign banks which cut correspondent ties held the view that the potential cost of regulatory fines far outweigh the marginal benefits gained from doing business with banks in small jurisdictions that do not generate large volumes of transactions. Thus, they withhold certain services or withdraw completely from the small jurisdictions considered vulnerable under the new standards. The impact is therefore not only being felt in Belize but also in many other small Caribbean, Latin American, African and Eastern Pacific countries.

A resolution of this problem that addresses the needs of small jurisdictions like Belize is paramount to economic, financial and social stability. By the end of 2015, two domestic banks and two international banks were operating without the benefit of full correspondent banking services. Given the serious implications of these developments the Government of Belize has given the CBR issue its highest priority and has called on CARICOM to adopt a regional approach to address the matter.

Domestic Banks

The aforesaid notwithstanding, domestic banks continued to move in the right direction in 2015 with the NPL ratio declining from 7.03% to 6.70%. This reflected additional loan loss provisioning of $30.0mn, the write-off of loans by $33.8mn and loan growth of $52.7mn. Since the Central Bank's implementation of the new standards for loan loss provisioning in December 2011, the banking system's total NPLs has decreased by $54.2mn to $278.5mn.

After posting an $8.8mn loss in 2014, the domestic banking system reversed a five-year trend of losses, and reported aggregate profits of $26.5mn for 2015. The turnaround was the well-earned result of several years of clean up and balance sheet adjustments to reduce vulnerability and strengthen the resiliency of the banks. The net result was improvements in the return on assets (ROA) from -0.30% in 2014 to 0.85% and return on equity (ROE) from -2.18% in 2014 to 6.23%.

Aggregate capital for the system expanded by $39.6mn to $419.1mn as all banks increased their capital buffers except FCIB, which was paying off expenses in anticipation of its imminent closure.

Chart 1.1: Domestic Banks - Asset Quality

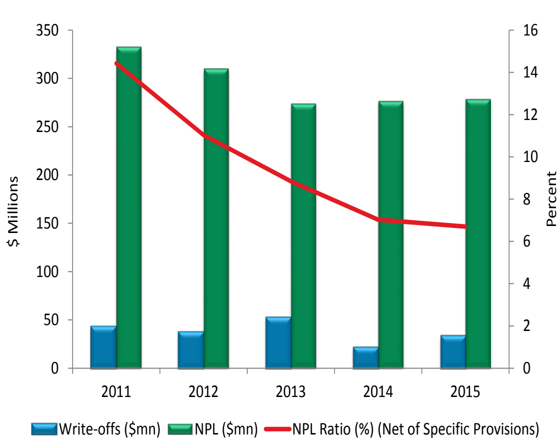
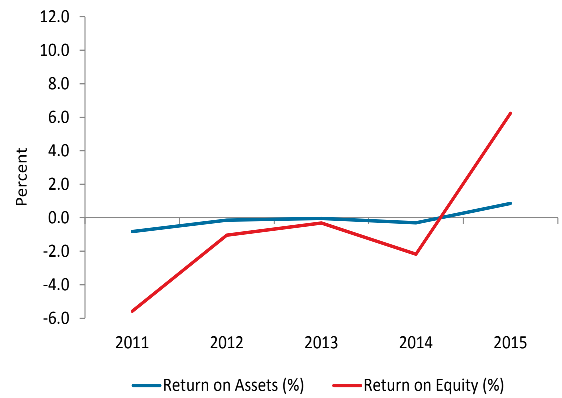


Chart 1.2: Domestic Banks - Profitability



As a result the capital adequacy ratio (CAR) rose from 23.5% to 24.9%, although the latter did mask a wide disparity among banks, which had CARs ranging from 11.4% to 123.9%, relative to the regulatory minimum requirement of 9.0%.

Performance of Credit Unions

Belize's five largest credit unions (the Group) accounted for 94.9% of all credit union assets at the end of 2015. Their total assets expanded by 8.3% to $788.6mn during the year, as compared to the 6.4% increase in 2014. However, although loans grew by 13.1% to $562.3mn, income shrank by 14.3% to $34.7mn to make provisions for new

Chart 1.3: Domestic Banks - Capital Adequacy

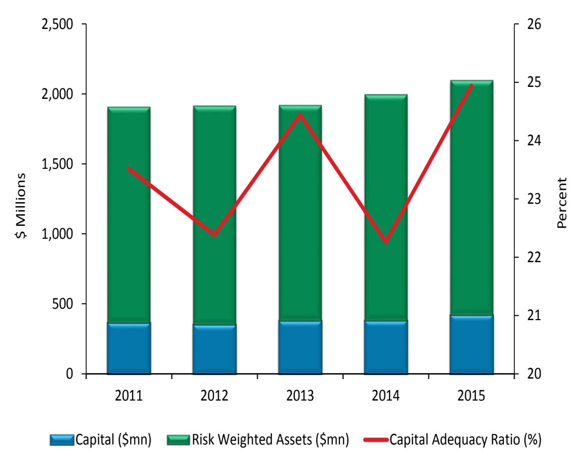
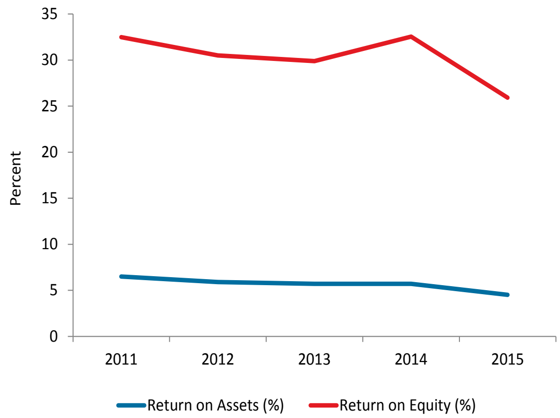


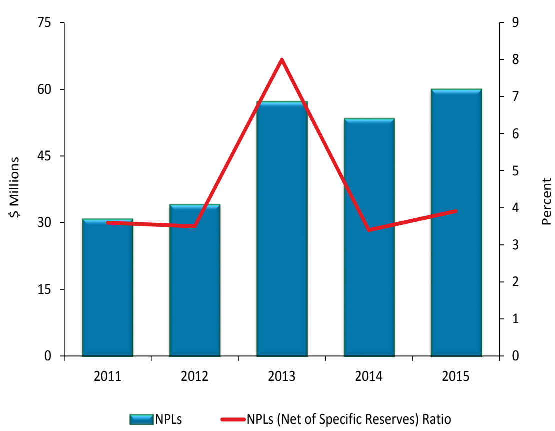
Chart 1.4: Credit Unions - Profitability



NPLs. The ROA consequently fell from 5.7% to 4.5% while the ROE shrank from 32.6% to 25.9%.

While the Group's NPL ratio rose from 3.4% to 3.9%, only one member exceeded the 5.0% international threshold. Expansion in their loan portfolio and higher provisioning against loan losses were essential in maintaining the NPL ratio below the critical threshold. Net institutional capital also edged up from 10.3% in 2014 to 10.8% due to the Central Bank's intervention to have credit unions set aside more than the legally required 10.0% of net profits to legal reserves and reduce the dividends and rebates that institutions could distribute to shareholders.

Chart 1.5: Credit Unions - Non-performing Loans



Performance of International Banks

Loss of correspondent banking relationships led to a spate of account closures and triggered a 29.6% (US$191.4mn) plunge in non-resident deposits held in Belize's international banks to US$454.8mn. Their total assets also contracted by 23.4% to close the year at US$602.2mn.With a smaller operating portfolio and no sale of distressed assets to inflate profits as had occurred in 2014, the profits of the international banks fell from US$34.2mn to US$5.1mn. As a result, ROA fell from 4.6% to 0.8% at year-end while ROE plunged from 50.1% to 6.2%.

On the positive side, the NPL ratio of these banks continued to improve, falling from 8.3% to 7.7% due to increases of US$10.9mn in loan loss provisions and US$3.2mn in loan write-offs. Their consolidated NPL ratio stood at 22.7% in December 2011, which led the Central Bank to promulgate new provisioning standards. Since then, total NPLs have declined by 23.7% to US$55.5mn with most of the adjustments taking place in the following three years.

Chart 1.6: International Banks - Asset Quality

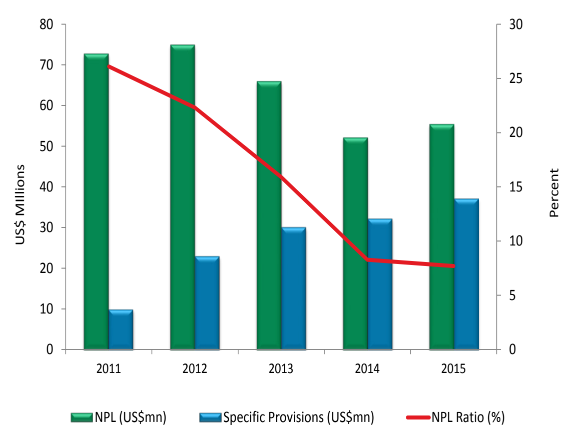


Chart 1.7: International Banks - Deposits and Assets

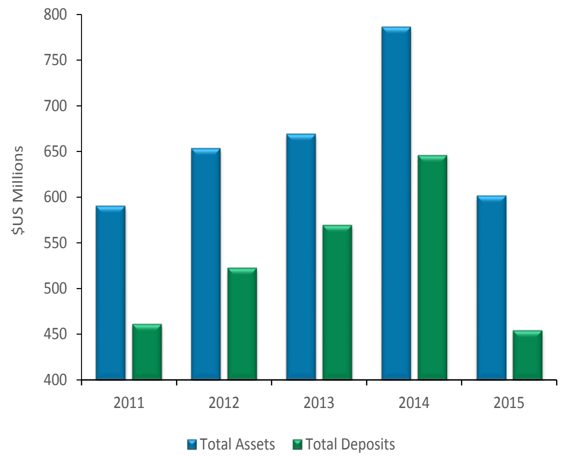
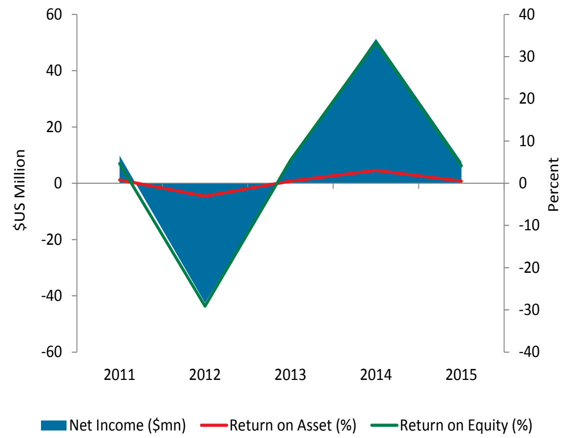


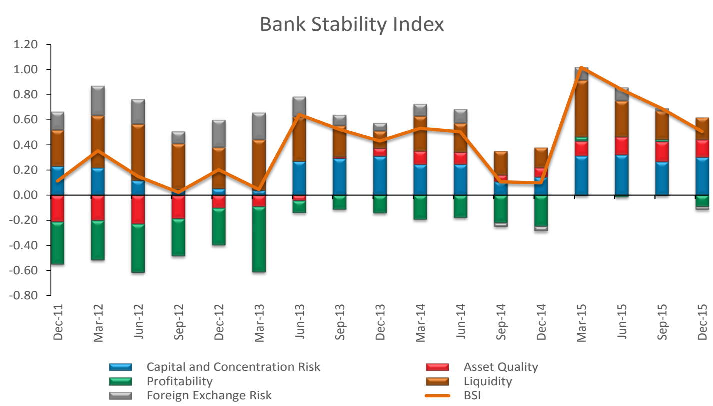
Chart 1.8: International Banks - Profitability



Due to retention of profits and injection of capital, the CAR rose from 19.3% to 26.5% at the end of 2015, the highest it has been in the last five years and significantly above the 10.0% international benchmark.

Box 1: Domestic Bank Stability Index

The Bank Stability Index (the Index) is a composite indicator that measures the performance of key aspects of domestic bank operations considered integral to the sustainability of the banking system. An upward movement in the Index, which is synthesized from measurements of capital and concentration risk, profitability, foreign exchange risk, asset quality and system liquidity, is an indicator of improvement in system stability. While the year presented new challenges for the banks with difficulties that arose due to the loss of some correspondent bank relationships, system fundamentals nevertheless improved, as evidenced by an increase in the Index from 0.11 to 0.49. This was mostly due to increased capital buffers, the lowering of concentration risks and a turnaround in profitability. Asset quality also improved, whereas foreign exchange and liquidity risks edged up slightly.



The Index draws on data that assesses adequacy of bank capital to cover losses arising from non-performing loans, and measurements of loan concentration risk with specific focus on large loans that exceed 10.0% of a bank's capital. Concentration risk would obviously worsen as the number of loans that exceed the 10.0% capital threshold increases. In 2015, the capital and concentration risk indicator rose by 16 basis points partly due to a 10.4% increase in regulatory capital attributable to capital injections by two banks and the customary retention of profits during the year. The ratio of regulatory capital to risk weighted assets consequently increased from 23.5% to 24.9%. Associated with this was a decline in loan concentration risk as several large loans now fell below the critical 10.0% capital threshold with one such legacy loan also being partially written-off. As a result, the ratio of large loan exposures to regulatory capital fell from 146.8% to 134.5%.

Apart from being a gauge of efficiency, bank profitability in the short and long-term is an indicator of the system's viability because it is an important determinant of growth in capital. The indicators used to measure profitability were return on assets (ROA) and return on equity (ROE). After losses in the previous four consecutive years, profitability improved by 16 basis points as an aggregate profit of $26.5mn was recorded in contrast to the $8.8mn loss in the previous year. As a result, ROA improved from -0.30% to 0.85%, and ROE rose from -2.18% to 6.23%. The turnaround reflected an expansion in non-interest income such as dividends and a reduction in expenses as provisioning for non-performing loans tapered down. During the year, all domestic banks completed their programme of loan loss provisioning for the legacy nonperforming loan stock and this led to a $20.3mn reduction in other expenses.

As authorised foreign exchange dealers, the domestic banks are required to manage their foreign exchange position to ensure the foreign currency needs of the private sector can be met. Their net foreign currency position is therefore an indicator of capacity to cover the private sector's foreign liabilities as they fall due, and of the sustainability of the country's fixed exchange rate regime. In measuring foreign exchange risk, movements in the ratios of net foreign assets to aggregate regulatory capital and the level of foreign currency loans to total loans were examined and it was observed that the level of foreign exchange risk had improved marginally from -0.4 to -0.02 mainly due to an increase in the ratio of net foreign assets to Tier 1 capital from 25.1% to 36.5%. Concurrently, foreign currency loans increased by $45.1mn, and their share of total loans increased from 6.6% to 8.7%, which partly offset the capital ratio improvements.

Asset quality, another component of the Bank Stability Index, focuses on the performance of loans, which are the system's most important assets. The gross NPL ratio indicates the share of the system's loans that is in default, and the ratio of net NPLs to Tier 1 Capital measures the system's capacity to absorb losses from non-performing loans. In 2015, there was an improvement of six basis points in the asset quality component of the Index as commercial banks continued to reduce non-performing loans and increase the amount of funds set aside to cover potential loan losses. NPLs as a share of total loans fell from 14.3% to 14.0%, while the share of NPLs (net of specific provisions) to Tier 1 Capital fell from 37.7% in 2014 to 33.3% due to an increase in loan loss provisioning, the write-off of bad loans and growth in Tier 1 Capital.

The Bank Stability Index also focuses on liquidity, which is an indicator of the banking system's ability to meet expected and unexpected demands for cash. Higher levels of liquidity enable banks to sustain loan growth and better withstand adverse events. During the year, the liquidity component of the Index edged up by two basis points as deposits grew faster than loans and statutory liquidity continued to grow. The loans/deposits ratio decreased for the third consecutive year and stood at 75.6% at year-end, while liquid assets grew by 15.8%. As a result, the ratio of liquid assets to short-term liabilities rose from 51.4% to 52.4%, and liquid assets to total assets grew from 30.1% to 32.2%.

Financial Performance

The Central Bank's domestic assets rose by $101.0mn in 2015, and this was matched by an almost equal decline in its foreign asset holdings. The latter was mainly attributable to Government external payments of $232.0mn to the previous owners of Belize Electricity Limited (BEL) and Belize Telemedia Limited (BTL) in the month of September. The Bank's total assets therefore remained unchanged at $1.2bn. Annual gross income rose by $2.2mn to $27.2mn with 70.0% being derived from local sources such as government securities, Central Government's overdraft facility and foreign exchange trading. Income from foreign assets that had expanded past the $1.0bn milestone during the first eight months of the year more than compensated for the fall in earnings after September, consequently foreign earnings rose by 23.0% and accounted for 30.0% of total income in 2015. In addition to its traditional investments in fixed deposits, the Central Bank continued to purchase marketable United States (US) securities and realized significant capital gains from their timely trading.

Expenditure rose by 8.7% to $18.4mn, with staff costs, interest and currency payments, and other administrative/operating outlays representing

Chart 1.9: Assets

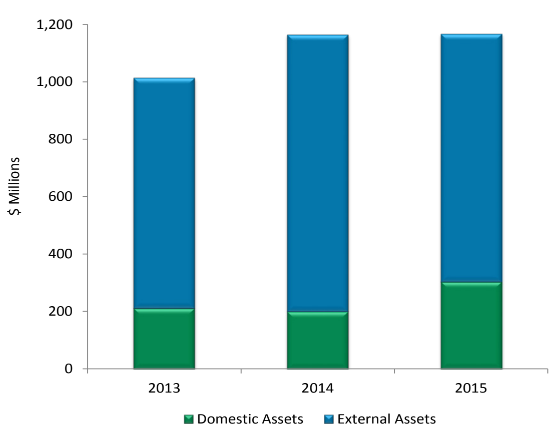
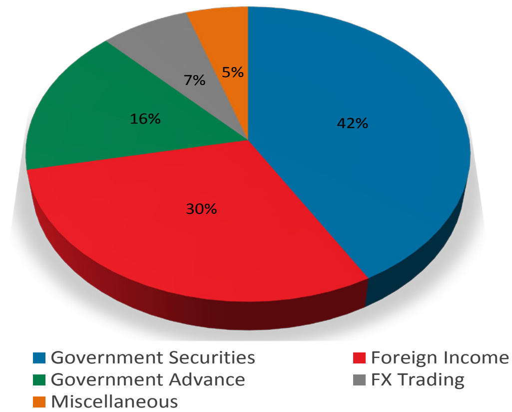


Chart 1.10: Foreign and Local Income



57.1%, 15.2% and 27.7% respectively. The amount expended was $2.9mn below budget due mainly to changes in the payment schedules for some of the Bank's major projects. With higher income from Government securities and foreign investments, the Bank's net operating surplus increased by $0.8mn to $8.8mn.

As provided for under section 9(1) and section 50 of the Central Bank of Belize Act, the sum of $0.9mn (10.0% of the net operating surplus less any revaluation loss) will be paid into the Central Bank General Reserve Fund. The balance of $7.9mn will be transferred to the Government's consolidated revenue fund.

Foreign Exchange Operations

The Central Bank executed foreign currency (US dollars, Canadian dollars and Pound Sterling) transactions with the Government, public sector entities, commercial banks, foreign governments and agencies and regional central banks that yielded net foreign currency sales of $97.8mn. This was a reversal of its usual net purchase position that had facilitated the growth in official reserves over the past few years. The largest inflows were from the Venezuelan Petrocaribe

Chart 1.11: Trade in Foreign Currency

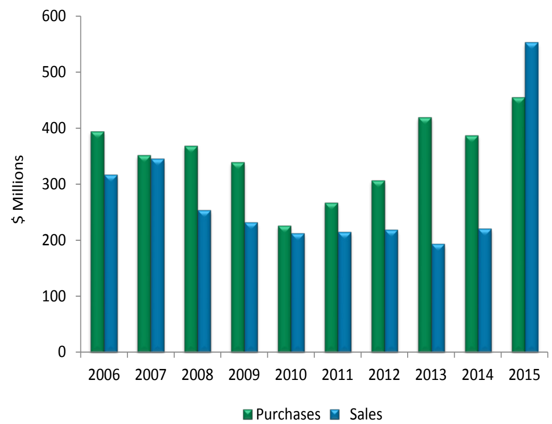
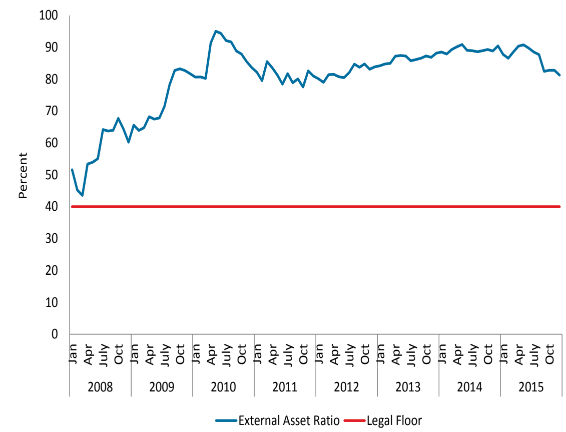


Chart 1.12: External Asset Ratio



Agreement (VPCA) loans (US$41.1mn), Belize Sugar Industries (US$37.3mn) and commercial banks (US$22.2mn). Other notable receipts, which summed to US$42.8mn were from the Caribbean Development Bank (CDB), Republic of China (ROC)/Taiwan, the international business company and ship registries, the International Bank for Reconstruction and Development (IBRD) and the Inter-American Development Bank (IDB). The largest external payments were in respect of the Government of Belize's settlements with the previous owners of BEL (US$35.0mn) and BTL (US$81.1mn), and with other notable outflows being the semi-annual interest payments in February and August on the 2038 bond. In the case of CARICOM currencies, trades were mostly for settlement of official transactions and resulted in net sales of $2.1mn during the year.

External Asset Ratio

The Central Bank was fully compliant with Section 25(2) of the Central Bank of Belize Act 1982, which stipulates that it should maintain external assets amounting to at least 40.0% of the currency notes and coins in circulation and its domestic deposit liabilities. This legal threshold is aimed at ensuring that the Bank maintains foreign reserves at adequate levels to meet the country's external obligations.

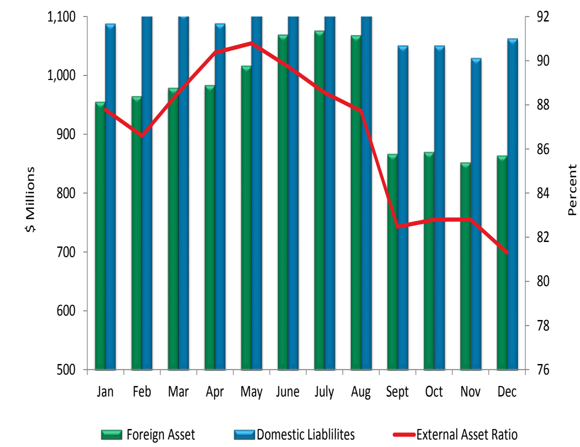
After beginning the year at $965.3mn, the Central Bank's foreign assets grew beyond $1.0bn in May and peaked just short of $1.1bn in July and August before falling in September due to the BTL and BEL settlement payments. At the end of the year, the Bank's foreign assets stood at $864.4mn, 10.4% lower than its December 2014 position and with holdings comprised of 76.0% in cash and fixed deposits, 16.3% in foreign securities and 7.7% in special drawing rights (SDRs).

After dipping in January and February, growth in the Bank's foreign assets boosted the external asset ratio and it reached a peak of 90.8% in May. Thereafter, it pursued a downward trend with the sharpest drop of some five percentage points occurring in September as a result of the aforesaid payments for the utilities. There was a further dip in December as currency in circulation rose, and this resulted in the ratio ending the year at 81.3%, an annual decline of 9.2 percentage points.

Domestic Banks - Cash Balances

The cash reserve requirement of the domestic banks remained fixed at 8.5% of average deposit liabilities throughout 2015. With deposits significantly outpacing loans, the excess cash holdings of the banks increased by 32.7% ($109.9mn) to $445.7mn at year-end and averaged $385.8mn through the year. The bulk of the increase occurred in the second half of the year and was attributable, in large measure, to government's continued spending on infrastructural works, some of which was further ramped up in the period prior to the November elections.

Chart 1.14: Monthly External Asset Ratio - 2015



Currency Operations

The Central Bank is responsible for ensuring that the supply of domestic notes and coins is adequate for the transactional needs of the public. As issuer of the domestic currency, the Bank regularly replaces worn-out and mutilated notes that are unfit for circulation. In this regard, banknotes valued at $115.0mn were removed from circulation (compared to $101.1mn in 2014) and $168.2mn in new banknotes were issued (compared to $103.7mn in 2014). By the end of the year, banknotes in circulation had risen by 21.9% to $317.9mn, while coins in circulation had increased by 5.8% to $27.2mn.

Currency in circulation has increased steadily with the expansion in economic activity over the past five years, particularly in the labour intensive, cash-wages sectors of the economy. In 2015, there was a further increase of 17.1% to $345.1mn. Public holdings rose from $237.4mn to $291.2mn, and the vault cash held by domestic banks increased from $48.7mn to $53.9mn. This may be partly attributed to activities associated with the two by-

Chart 1.13: Domestic Banks - Cash Holdings

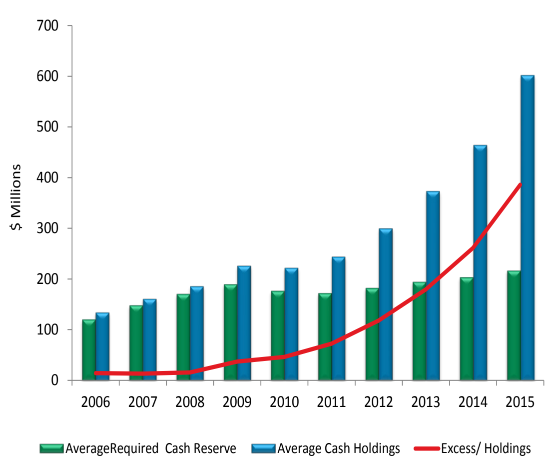
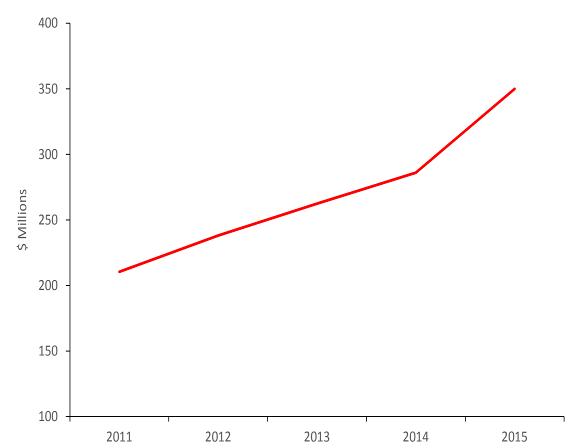


Chart 1.15: Currency in Circulation



elections and general elections held in 2015. The ratio of notes and coins remained constant with banknotes accounting for 92.0% of total currency in circulation.

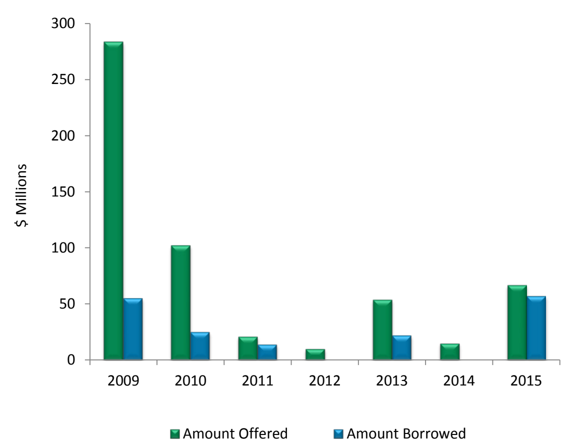
Inter-Bank Market

Following a period of dormancy in 2014, inter-bank market activities revived in the second half of 2015 with five offers summing to $67.0mn being placed and four amounting to $57.0mn being accepted. The offers were placed in the months of September, October and December at an average rate of 2.5%, compared to the 2.8% interest rate quoted in 2014.

Transactions with Central Government

At 8.5% of current revenue collected during the preceding fiscal year, the ceiling on advances, which the Central Bank can legally extend to Central Government through the overdraft facility, was $81.2mn for the 2015/2016 fiscal year. The government maintained the balance on its overdraft account within the legislated ceiling throughout the year by occasionally issuing securities and from reimbursements received from the VPCA facility.

Chart 1.16: Annual Inter-bank Market Activity



From January to March, the balance on the overdraft facility averaged $43.6mn, as the first interest payment on the Belize bond and the customary settlement of liabilities at the end of the fiscal year were offset by VPCA inflows in February and a new issuance of $40.0mn in Treasury notes. In the April-June period, the average balance declined to $25.5mn, as Government shifted some deposits from its commercial bank accounts to the Central Bank, and received its portion of the annual profits from Central Bank operations. To this was added inflows in June from the Republic of China and VPCA. In the third quarter, the average overdraft balance rose to $41.6mn, spiking in August as the second interest payment fell due on the 2038 Bond and declined in September, as the Government financed its large payments for BTL and BEL by drawing down on hypothecated deposits at the Central Bank, the issuance of new securities and borrowing from the Petrocaribe facility. In the last quarter, the monthly average rose to $62.8mn and was kept within the ceiling only by the primary issuance of an additional $25.0mn in Treasury bills. The mounting financing pressures were linked to rising current expenditure and capital

Chart 1.17: Overdraft Financing to Central Government - 2015

outlays associated with the intensification of the Government's programme of infrastructural works. At the end of December, the overdraft balance stood at $60.1mn, which was 74.2% of the legal limit.

Treasury Bills

The Government's issuance of $25.0mn in new Treasury bills in December raised the total amount available on the domestic market to the $200.0mn legal ceiling at year end. Given high levels of liquidity in the banking system and low international rates, demand for these securities significantly exceeded the supply throughout the year. During monthly rollovers, the rate of over-subscription averaged 62.0% with bidding remaining highly competitive among the domestic banks and insurance companies. The average yield consequently fell from 0.19% at the last auction in 2014 to 0.06% at the end of 2015. Domestic bank holdings of Treasury bills rose from $139.9mn (79.9% of the total) at the start of 2015 to a peak of $164.4mn by June. Thereafter, the banking sector share declined to $150.0mn due to aggressive bidding from insurance companies at subsequent auctions.

Chart 1.18: Allocaton of Treasury Bills - 2015

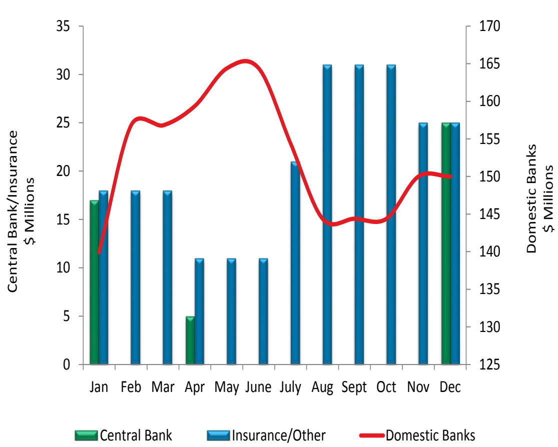


Chart 1.19: Treasury Bill Yield Curve

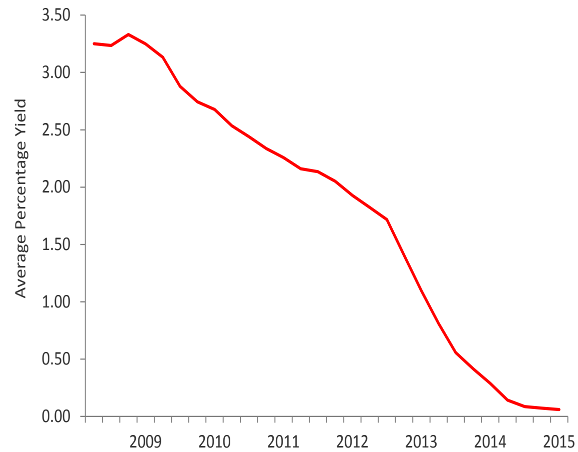
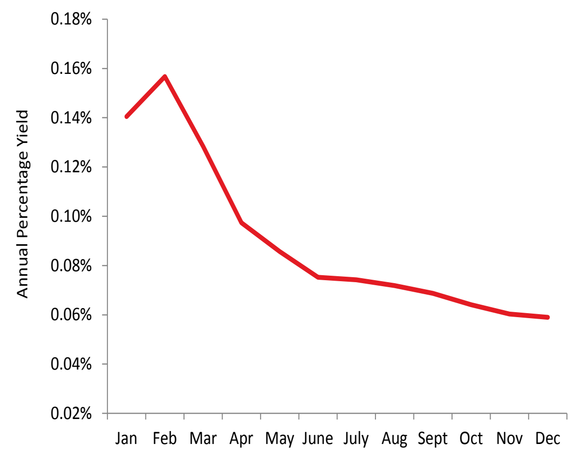


Chart 1.20: Treasury Bill Yield Curve - 2015



Treasury Notes

In 2015, the stock of Treasury notes increased by $88.5mn to $225.0mn, the legal limit, as the Government of Belize issued two new tranches amounting to $40.0mn in February and $48.5mn in September. The issuance in February was occasioned by fiscal pressure due to the bi-annual interest payment on the 2038 bond. In the case of the September issuance, this was necessitated by the Government's payment to British Caribbean Bank (BCB) in settlement of a long disputed

Chart 1.21: Treasury Note Yield Curve - 2015

liability that had been assigned to BTL by its previous owner.

Several Treasury note tranches matured during the year and were rolled over for the same time period at lower interest rates reflecting prevailing market conditions. This included the February rollover of $5.0mn in one-year notes with an interest rate decrease of 150 basis points and the July rollover of $10.0mn in five-year notes. The latter was at an interest rate that was 200 basis points lower. In December, $20.0mn in one-year, $15.0mn in two-year and $25.0mn in five-year maturities were rolled over with interest rate reductions of 50 basis points, 275 basis points and 250 basis points, respectively.

The Central Bank was holding 69.0% of the total notes outstanding at the end of 2015, and institutional investors and individuals held 29.0% and 2.0%, respectively. The stock of outstanding Treasury notes consisted of $45.0mn in one-year notes ($5.0mn and $40.0mn at 3.5% and 3.0%, respectively), $45.0mn in two-year notes ($15.0mn and $30.0mn at 4.0% and 3.25%, respectively), $80.0mn in five-year notes ($31.5mn, $10.0mn, and $38.5mn at 7.5%, 5.5% and 5.0%, respectively), $20.0mn in seven-year notes at 7.0% and $35.0mn in ten-year notes ($30.0mn and $5.0mn at 8.25% and 7.75%, respectively).

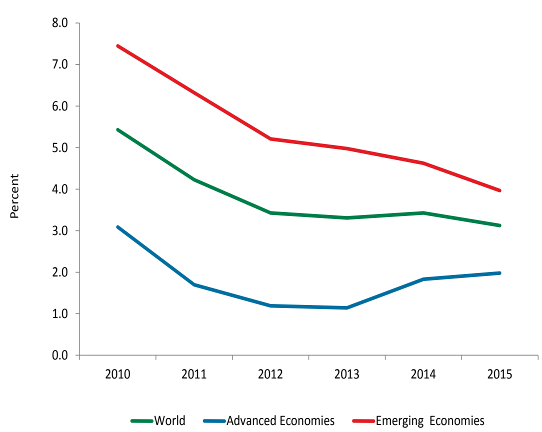
Economic Review

International Developments

Geopolitical instability and residual effects of the financial crisis factored negatively in the heightening of global risk perceptions, the weakening of capital flows to emerging market economies, and continuing signs of volatility in the world growth trajectory. With demand failing to keep pace with supply, commodity prices for oil, agricultural products and other raw materials were generally lower. Adding to the difficulties experienced by small economies at the lower end of the value chain was the rising incidence of de-risking measures by major international financial institutions, which imposed new costs and threatened to lock them out of the global economy.

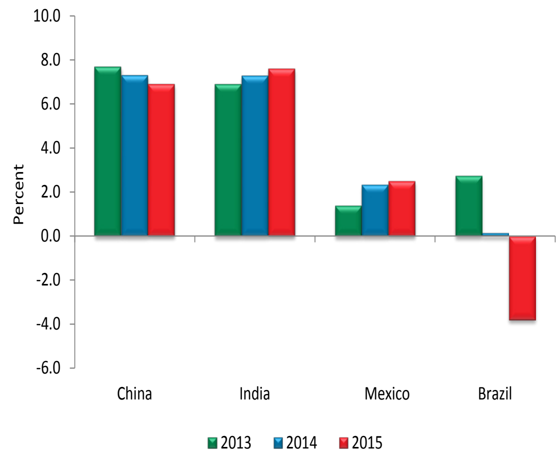
After accelerating marginally in 2014, global growth slowed to 3.1% due to a weakening of the pace in the emerging economies, while advanced economies continued to make modest progress, aided by accommodative monetary policies and a pick-up in consumer demand. India and China led the larger emerging economies with expansions of 7.6% and 6.9%, respectively. After rising in importance as a driver of world economic activity, China's pace of expansion has been gradually softening as it adopts measures to guide its transition to a more domestically demand driven economy. Russia and Brazil underwent sharp contractions due to the negative impact of low oil prices and war related trade sanctions on Russia, and social unrest, falling international commodity prices and soaring inflation in the case of Brazil.

Chart 2.1: GDP Growth Rate



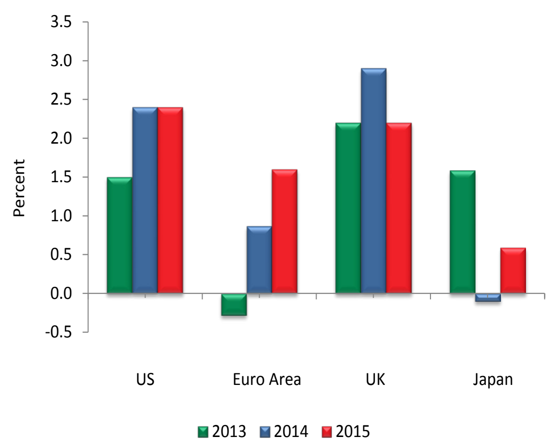
Source: IMF

Chart 2.2: Selected Emerging Economies - GDP Growth Rate



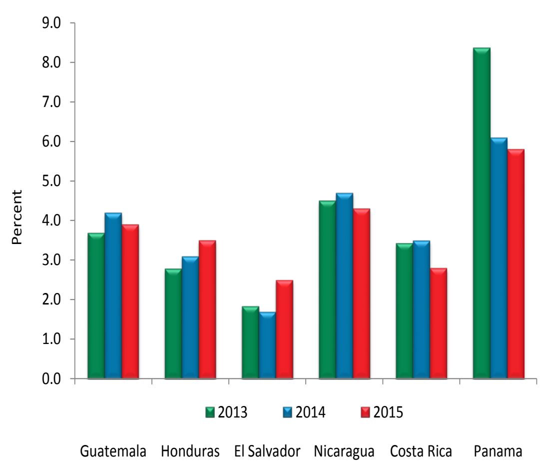
Sources: IMF, World Bank, Central Bank of India and People's Bank of China.

Chart 2.3: Selected Advanced Economies - GDP Growth Rate



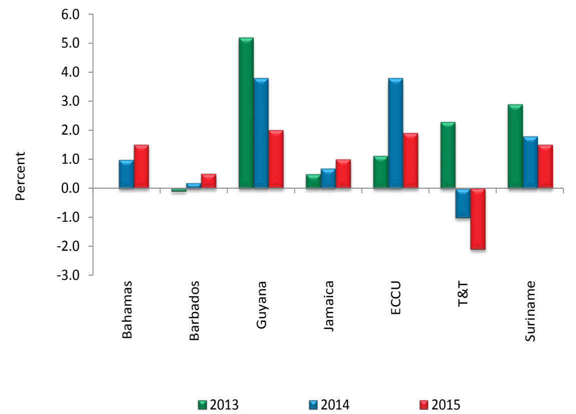
Sources: IMF, European Union Central Bank, Office of National Statistics (UK), Bureau of Economic Analysis (USA), Notably, the United States maintained its momentum with a 2.4% increase in GDP driven by consumer spending, housing construction and business fixed investment. Its average unemployment rate fell from 6.2% to 5.3% in 2015, and this emboldened the US Federal Reserve to raise the Fed Funds Rate by a quarter of a percentage point to 0.5% in December, the first increase since 2006. Across the ocean, a cloud of uncertainty associated with the looming referendum on EU membership formed the backdrop for the United Kingdom's deceleration from 2.9% to 2.2% as sluggish activity in construction and falling exports outweighed an uptick in domestic consumption. Led by Germany, France and Spain, the Euro Area saw a modest acceleration in GDP from 0.9% to 1.6% as depreciation of the euro helped to boost exports and domestic demand strengthened with the fall in international commodity prices. Inflation remained low, and the average unemployment rate dipped from 11.6% to 11.0% supported by increases in household consumption expenditure, manufacturing and tourism. In Japan, notwithstanding an uptick in growth to 0.6%, the

Chart 2.4: Central America - GDP Growth Rate



Sources: IMF, Central Banks of Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica, and Statistical Institutes of Panama and Guatemala.

Chart 2.5: CARICOM - GDP Growth Rate



Sources: ECLAC, Central Banks of Belize, Trinidad and Tobago and Suriname, and IADB

recovery remained fragile as a result of sluggish private sector consumption and investment and an aging population.

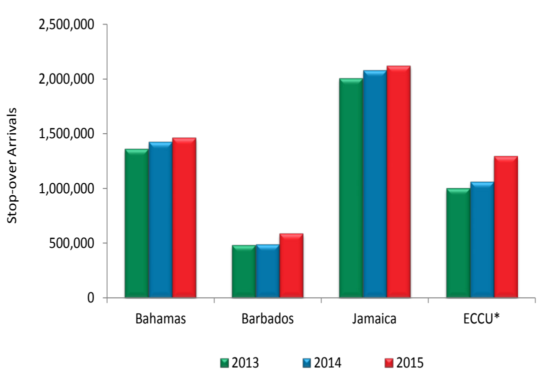
Mexico and Central America

Falling oil prices weakened export earnings and value added of the mining sectors in the region's oil exporters while reducing energy costs and the import bill of the net oil importing countries. In several of these countries, domestic demand rose as the fall in energy prices and inflows of family remittances boosted purchasing power. In the case of Mexico, a slightly stronger US economy and the peso's depreciation helped to boost non-oil exports; its GDP grew by 2.5% as compared to 2.3% a year earlier, buoyed by increases in manufacturing, construction and the utilities, which offset lower output and exports of oil and gas.

The Central American region recorded a 4.4% increase in output during the year. El Salvador grew by 2.5%, its largest expansion in four years, buoyed by exports, public and private sector consumption, and a 2.5% increase in family remittances. In Honduras, GDP growth accelerated to 3.5%, bolstered by heightened coffee and maquila exports, and increased investments in telecommunications, export processing zones and renewable energy. An 8.6% increase in family remittances was also a significant factor in boosting domestic consumption. While Panama's growth rate decelerated to 5.8%, it was the most robust in the region, as activity in financial intermediation, residential construction, mining/quarrying and utilities outweighed a slowdown in the Colon Free Trade Zone, and delays in major infrastructural works such as the Panama Canal expansion project. In the case of Costa Rica, GDP growth slowed from 3.5% to 2.8% as adverse weather negatively affected the agricultural sector and manufacturing output fell with the closure of the Intel plant.

Notwithstanding decelerations, growth in Nicaragua and Guatemala was still relatively robust. Nicaragua's 4.3% growth was supported by a 4.8% expansion in remittances (equivalent to 9.6% of GDP) that offset contractions in manufacturing, exports, mining and agriculture. Guatemala grew by 3.9%, benefitting from a 13.4% expansion in remittance inflows to $6.3bn, which boosted private sector consumption,

Chart 2.6: CARICOM Tourism



Sources: Caribbean Tourism Organization, ECCB, Central Bank of Barbados
* Data for St. Vincent and Grenadines available only up to November 2015

and with other areas of growth being financial intermediation, mining/quarrying, agriculture, commerce and manufacturing.

CARICOM Countries

In comparison with Central America, growth in the CARICOM area was a much more modest 1.0% with the performances of the tourism and commodity-dependent economies continuing to diverge. Burdened with external debt overhangs and relatively large fiscal deficits, most of the countries were engaged in fiscal consolidation efforts aimed at reducing their debt burden and improving macroeconomic stability.

Jamaica completed its tenth review under the IMF's Extended Fund Facility Program in December and posted slightly higher growth of 1.0% due to improvements in manufacturing, agriculture and tourism. Fiscal adjustments focused on curbing expenditure and managing the debt overhang, which is expected to be at 130% of GDP at the end of fiscal year 2015/2016. In the Bahamas, the growth rate rose to 1.5%, supported by tourism and foreign investment projects such as the billion dollar Baha Mar Resort, as well as buoyancy in the offshore financial services sector. Government efforts to reduce public debt included the introduction of a 7.5% value added tax and the establishment of a Central Revenue Authority to strengthen revenue collection and administration. A resurgence in tourism also benefitted Barbados, which achieved an estimated 0.5% increase in GDP as a result of strong growth in stayover visitors. However, activity grew only marginally in the other economic sectors, and construction contracted by 1.7%. New tax measures were introduced that assisted in reducing the overall deficit to 5.9% of GDP at year-end, although general government debt rose further to 103.9% of GDP.

Despite a recovery in tourism, output growth slowed to 1.9% in the Eastern Caribbean Currency Union (ECCU) mainly due to the 2.7% contraction that Dominica suffered as a result of Tropical Storm Erica. In the other members, growth was bolstered by infrastructural developments, including expansion of airlift capacity to accommodate an increase in tourism. While public finances deteriorated in Dominica and St. Vincent, fiscal consolidation efforts across the region were successful in achieving a 3.0% decline in the public sector debt and generating an aggregate fiscal surplus.

In the case of Guyana, growth decelerated to approximately 2.0% due to weakened performances from construction, forestry and mining/quarrying, with the latter being negatively affected by low international prices. The fiscal outturn improved, however, and with rice exports being used to pay down Petrocaribe loans, the public sector debt to GDP ratio fell to 52.0% in November. Suriname was also negatively affected by lower commodity prices, particularly for gold, bauxite and oil. Its GDP growth rate edged down to 1.5%, while the fiscal deficit rose to an estimated 8.0% of GDP and balance of payments pressures caused an almost halving of international reserves and 25.0% devaluation of the currency. Meanwhile, the weakening of Trinidad and Tobago's energy and non-energy sectors resulted in a second year of contraction, with GDP declining by an estimated 2.1% in 2015. The sharp fall in oil prices depressed fiscal revenues and caused an almost doubling of the fiscal deficit to 4.2% of GDP.

Domestic Overview

The snowballing of de-risking measures by the large international correspondent banks, which threatened to choke off international trade flows, posed fresh challenges for Belize in 2015. Several locally licensed banks lost correspondent banking relationships, precipitating adjustments that added to the cost of doing business. Notwithstanding this, the financial system remained stable, as the domestic banks reversed a five-year trend of losses to post profits and reported an improvement in capital and reduction in the non-performing loans (net of specific provisions) to total loans.

In the broader economy, GDP growth decelerated to 1.0% mainly due to a 13.1% contraction in value-added from the primary sector that reflected a sharp drop in farmed shrimp output and reductions in rice as well as the major export crops (sugarcane, banana and papaya). A further decline in petroleum extraction and the tapering down of several construction projects were just outweighed by increased generation of electricity, resulting in a 0.8% increase in output from the secondary sector. The main driver of growth was therefore the services sector, with a 3.4% increase that was underpinned by an 11.5% expansion in government services and heightened activities in distribution, tourism and transportation. Benefitting from the vibrancy of the latter, the average unemployment rate fell from 11.6% to 10.1%. Domestic prices also fell as the pass-through from the fall in international oil prices led to a 0.9% decline in the average Consumer Price Index (CPI).

The Government maintained an expansionary fiscal stance during the year with expenditure surging by 16.6% against a 0.8% fall in revenue. The overall deficit consequently rose to 8.4% of GDP, the highest since 2003, and the primary deficit widened to 5.8% of GDP. The dip in revenue reflected lower grant receipts, while expenditures of $1,281.3mn (37.2% of GDP) were swollen by increased outlays on wages, salaries, pensions, capital projects and a loan repayment to BCB on behalf of BTL. The financing gap was largely funded domestically with the bulk of the Government's domestic borrowing coming by way of the issuance of new securities to facilitate payments toward outstanding liabilities that arose through its acquisition of BTL and BEL, the BCB loan and budgetary over-runs. The Government's domestic debt consequently rose by 31.5% to $494.4mn (14.4% of GDP), while the public sector external debt increased by 4.4% to $2,351.6mn (68.3% of GDP). Concessionary borrowing under the VPCA accounted for 79.5% of bilateral inflows and 46.5% of all external disbursements.

There was a widening of the current account deficit of the balance of payments from 7.5% of GDP in 2014 to 10.0% of GDP during the year. The latter reflected a notable expansion in the merchandise trade deficit and lower earnings from services that outweighed reduced outflows of dividends and profits. The surplus on the financial account plummeted by 47.2% due to the settlement payments to the previous owners of BEL and BTL, the loan repayment to BCB and an increase in the commercial banks' foreign deposits. It was therefore necessary to finance the external current account deficit by drawing down the gross international reserves, causing these holdings to contract by 10.3% to $0.9bn, which was equivalent to 5.0 months of merchandise imports.

Government borrowing for fiscal expansion and the continued rise in bank liquidity were notable features of domestic monetary developments. The broad money supply expanded by 7.6%, as a 17.9% surge in net domestic credit was offset by a 6.6% contraction in net foreign assets, the latter mainly reflecting a contraction in the Central Bank's foreign holdings as it accommodated the ballooning external payments of the Government. Private sector credit growth was a modest 3.1%, and with deposits outpacing loans, the excess liquidity of the banks increased by 33.8% to end the year at 76.3% above the statutory requirement. The banks' holdings of cash reserves steadily increased, and at year-end, were more than double the legal requirement. Against this backdrop, the 12-month (rolling) weighted average interest rates for new loans and deposits fell by 29 and 25 basis points, respectively, pushing the weighted average spread three basis points lower to 7.76%.

Moving forward to 2016, GDP growth is expected to decelerate further to between 0.5% and 1.0%, as expansion in services is offset by contractions in the primary and secondary sectors. Agricultural crop output is projected to shrink for a third consecutive year due to declines in citrus, banana and papaya. With the upcoming closure and exit of the largest papaya producer in August 2016, papaya output will be substantially slashed, and banana productive capacity will also be reduced as a result of the closure of one of the largest farms in October 2015. Farmed shrimp output should also remain low due to projected delays in the timeline for re-stocking, as the shrimp industry takes measured steps forward in the effort to recover from the bacterial infection that temporarily halted operations in 2015. On the upside, sugarcane deliveries should increase, as the Santander sugar mill commences operations in western Belize.

A reduction in agro-processing combined with the secular decline in petroleum extraction is likely to result in a marginal contraction in the secondary sector. On the other hand, with low oil prices boosting disposable incomes in the major source countries, the outlook for tourism is positive and the services sector is therefore expected to continue being the main driver for the domestic economy. Arrivals of stay-over tourists are projected to grow by 5.0% with increased marketing efforts and airlift capacity. Cruise ship passenger disembarkations are also expected to rise by 3.0%, and this may be higher if the new cruise docking facility in southern Belize becomes operational during the year. The corresponding boost to "*Hotels and Restaurants*" is expected to positively ripple across "*Wholesale and Retail Trade*" and "*Transport and Communication*". General government services will also expand further, buoyed by the third and final negotiated salary increase for civil servants.

There should be some improvement in the external current account with a projected decline in the current account deficit to about 8.7% of GDP representing an interruption to its upward trajectory over the previous four years. The outlook is predicated on lower imports by the Commercial Free Zone and export processing zone companies, the winding down of two major projects (the new sugar factory and Harvest Caye docking facility) and an increase in tourism earnings. The surplus on the capital and financial accounts should improve due to substantially lower repatriated investments as compared to 2015. The official reserves is therefore being forecasted to decline marginally from 5.0 to 4.8 months of merchandise import cover.

Production

GDP growth decelerated to 1.0% in 2015 as a temporary shuttering of farmed shrimp production, the closure of a major group of banana farms and continued decline in crude oil extraction coincided with a surge in sugar output, heightened production of electricity and an expansion in government services and tourism related activity.

The main driver was the tertiary (services) sector, which grew by 3.4%. Leading this was "*Government Services*", which surged upward by 11.5% largely due to the wage increase negotiated for public officers, the push to wrap up several infrastructural projects before year-end and activities associated with several elections held during the year (by-elections, municipal and general elections). Growth in stay-over tourist arrivals underpinned activity in "*Hotels and Restaurants*" with positive spill-over effects on "*Wholesale and Retail Trade*" and "*Transport and Communication*". Meanwhile, a marginal increase of 0.8% was recorded for the secondary sector as "*Electricity and Water*" received a boost from domestic diesel and cogeneration sources, and this, combined with an uptick in agro-processing (sugar and citrus juices), outweighed the continued annual decline in crude oil extraction. The increase in the sector was the first since 2009 when the downward trend started.

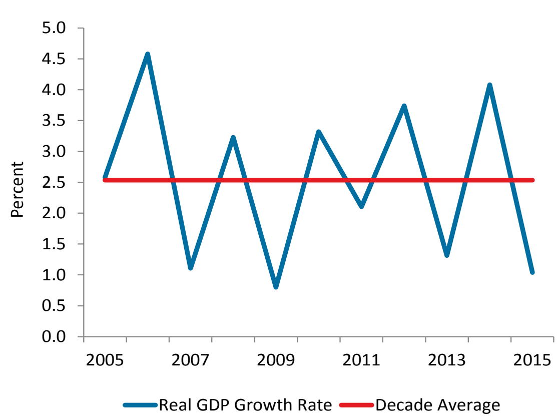
Output in the primary sector contracted by 13.1% under pressure from diseases and enforced capacity reduction. Bacterial outbreak caused the temporary closure of several shrimp farms and sharply reduced "*Fishing*" output. On the agricultural side, the production of all major export crops fell except sugarcane. Banana was affected by the closure of the Meridian group of farms, while citrus deliveries lost some ground in the battle against citrus greening, and the major producer scaled back its papaya replanting and output in view of its upcoming 2016 pull-out from Belize.

Agriculture

Sugarcane

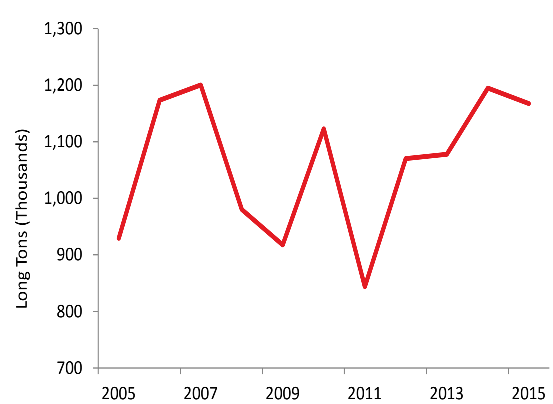
The start of the 2014/2015 sugarcane harvest was delayed by two months due to disagreements between farmers and the processor, Belize Sugar Industries Limited (BSI). After the belated signing of a new commercial agreement, the harvest

Chart 4.1: Annual Growth Rate of Real GDP



Source: SIB

Chart 4.2: Sugarcane Deliveries



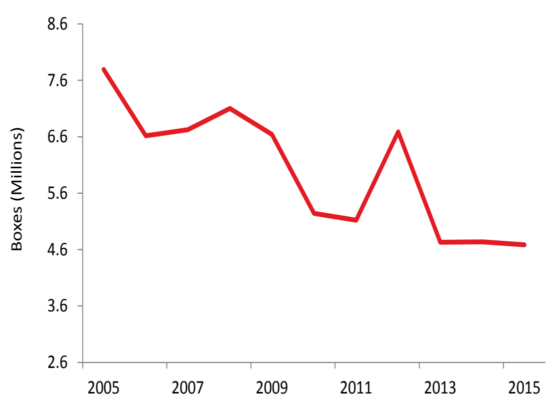
Source: BSI

commenced on 26 January, with deliveries continuing up to the second week of July due to an unusually long dry season. The impact of the late start was exacerbated by a 3.5% reduction in the average daily grinding rate (6,949 long tons for the 2014/2015 crop versus 7,198 long tons for the 2013/2014 crop). This resulted in a 2.3% decline in sugarcane deliveries to 1,167,427 long tons with an estimated 316,000 long tons of stand-over sugarcane being left in the field at the close of the season, double the amount that was left at the end of the previous crop. Compensating somewhat for the processing volume, the average price paid to farmers increased by 12.4% to $75.89 per long ton. This reflected a marked improvement in the cane/sugar outturn, reduced international freight rates (sugar is priced on a cost, insurance and freight basis) and a 2.3% uptick in the average export price as sales to the US market recommenced.

Citrus

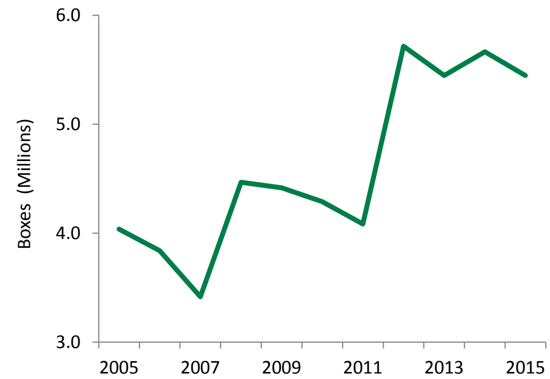
After flatlining in the previous two crop years, citrus deliveries dipped by 1.0% to 4.7mn boxes, notwithstanding a prolonged dry season that enabled the harvest to be extended into early July. Grapefruit deliveries surged by 25.3% to 0.7mn boxes, the highest amount since the 2011/2012 crop, due to crop management practices aimed at controlling citrus greening and the greasy spot rind blotch (GSRB) disease that particularly affects grapefruit. In contrast, orange deliveries declined by 4.7% to 4.0mn boxes, the lowest amount produced since the outbreak of citrus greening in the 2009/2010 crop year.

Chart 4.3: Citrus Fruit Deliveries



Source: CPBL

Chart 4.4: Banana Production



Source: BGA

Average prices paid to orange and grapefruit farmers declined. Despite smaller harvests in the US and Brazil, sluggish demand for orange juice in the US market caused prices paid to orange farmers to fall from $1.96 per pound solid (ps) to $1.75 per ps. Similarly, a decline in international prices for grapefruit juice pushed prices paid to grapefruit farmers downward from $2.51 per ps to $2.31 per ps.

Banana

With an output surge in the first four months of the year being followed by declining yields due to drought and then flooding in the subsequent months, total banana production fell by 3.8% to 5.4mn boxes. A major farm (which accounted for 12.9% of production) was closed in October, slashing total acreage under cultivation by 19.0%

to 6,844.7 acres, of which 6,281.8 acres were under production and 514.9 acres had plantilla, which are trees that are too immature to harvest. In other developments, the Banana Growers Association (BGA) and Fyffes completed the third year of their exclusive marketing contract, which had commenced on 1 January 2013.

Other Agricultural Production

Despite efforts to boost production by replanting in virus-free lands at the beginning of the year, annual papaya output shrank by 10.0% as J.R. Brooks, which owns the largest domestic producer of papaya (Fruta Bomba), chose to substantially reduce acreage under cultivation in the second half of the year. This reflected a company decision to wind down its local operations and completely cease producing papaya in Belize in the upcoming year. At 30.7mn pounds, the amount produced was the lowest since the devastation wrought by Hurricane Dean in 2007.

Output of various bean crops expanded, notwithstanding the drought conditions, with increases in Red Kidney beans of 98.4%, black beans (57.7%) and soybeans (36.8%) being underpinned by notable expansion in acreages. Corn production was also up by 1.1%. However, rice production fell by 25.5% to 26.0mn pounds because of losses from the drought and a 23.8% drop in acreage caused by the conversion of large rice farms in Spanish Lookout to sugarcane production in anticipation of the opening of the Santander factory.

Increased output of vegetable and root crops such as tomatoes, sweet peppers, carrots, cauliflower, pumpkin and sweet potatoes contrasted with declines in Irish potato, cabbage, hot peppers and broccoli. The crops that had increased output benefitted from acreage expansion and higher average yields, except for carrots, where growth was attributable only to higher average yield. Output of plantain expanded by 41.6%, reflecting a 36.6% increase in acreage and 3.6% uptick in the average yield.

During the year, poultry production increased by 5.7% to 40.8mn pounds dressed weight as the culling of flocks infected with the Avian influenza successfully eradicated the disease. Concurrently, cattle dressed weight rose by 3.2% to 3.5mn pounds, and pig dressed weight surged by 19.0% to 3.6mn pounds. Milk output rose by 22.3% with production from processing plants and small scale processing increasing to virtually the same amount (6.3mn pounds).

Marine Products

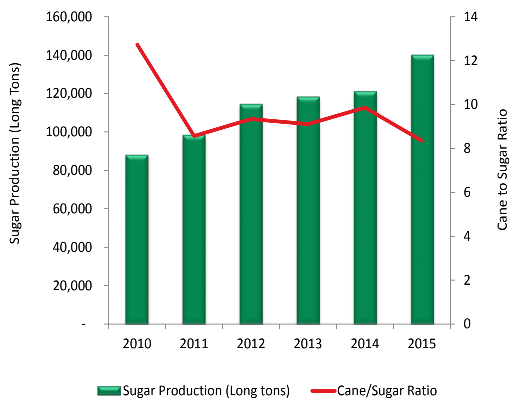
A 41.9% plunge in farmed shrimp output during the year caused marine commodities to shrink by 35.7% to 11.0mn pounds, a record low. After recording double digit growth in the previous three years, farmed shrimp was harvested only in the first half of the year as operations were temporarily halted in a bid to get rid of a bacterial infection that was devastating shrimp stocks across farms. Contrasting with the developments in shrimp, output of whole fish almost tripled with the resumption of operations by a major farmed fish (tilapia) producer and upturns in the reproductive cycles of lobster and conch that boosted their wild capture by 29.9% and 3.9%, respectively.

Manufacturing

Sugar and Molasses

Although sugarcane deliveries were down by 2.3% for the 2014/2015 crop year, output of sugar rose by 15.6% to 140,051 long tons, a record high that reflected a 15.3% improvement in the cane/sugar ratio. At 8.35, the latter was the lowest yet

Chart 4.5: Sugar Production and Cane to Sugar Ratio



Source: BSI

recorded in Belize. The exceptional performance resulted from a 2.8% increase in factory time efficiency, adherence to delivery schedules that minimised the "kill-to-mill" time during which sugars deteriorate in the cut sugarcane, and the extended dry weather, which helped to concentrate the sucrose in the sugarcane and raised the average sugar content from the 11.82% recorded for the previous crop to 13.54%. Due to its inverse relationship with sugar output, molasses production fell by 12.3% to 37,567 long tons.

Citrus Juices, Citrus Oil and Pulp

Improvements in husbandry and factory efficiency boosted the average citrus juice out-turn by 5.1% to 6.4 ps per box of orange and by 6.5% to 4.3 ps per box of grapefruit. Consequently, even with the 1.0% slippage in fruit deliveries, citrus juice production rose by 3.0% to 28.5mn ps with output of grapefruit concentrate surging by 31.9% to 3.1mn ps, while orange concentrate edged up by 0.9% to 25.3mn ps. In contrast, not-from-concentrates, which accounted for only 0.5% of juice output, plummeted by 47.8%, the fourth consecutive year of decline. Production of pulp increased by 18.3%, but that of citrus oils was down by 9.5%.

Other Manufacturing Production

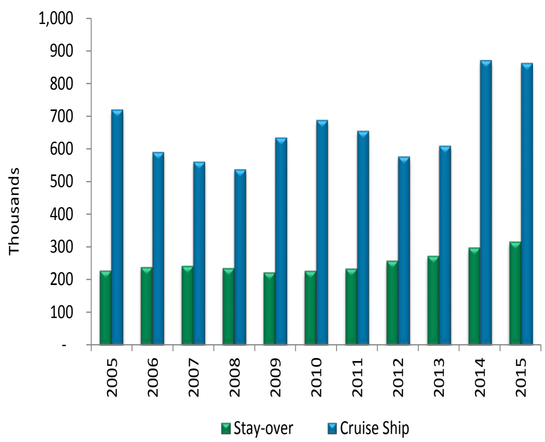
The outturn was mixed for the rest of the manufacturing sector, as growth in soft drinks, fertilizer and beer coincided with declines in flour and crude oil. Factory upgrade and expansion of capacity facilitated increases of 8.9% in soft drinks and 1.3% in beer, while heightened demand by bean and corn farmers, especially during the first half of the year, supported a 5.7% growth in fertilizer output. For a third consecutive year, domestic production of wheat flour declined. Among the reasons cited for the 5.8% decrease in 2015 were competition from lower-priced contraband Mexican flour and heightened domestic consumption of corn substitutes.

Petroleum extraction declined by a further 17.9% to 527,741 barrels with output from the Spanish Lookout and Never Delay fields down by 17.6% and 82.2%, respectively. Operations at the Never Delay Field was limited to field testing that produced only 468 barrels in 2015. At the Spanish Lookout field, the daily average extraction rate fell by 18.7% to 1,445 barrels per day. After ten years of operation, cumulative production from the field amounted to 10.1mn of the 18.0mn barrels of extractable reserves.

Tourism

According to the World Tourism Organization, international tourist arrivals rose by 4.4% to 1.2 billion in 2015, growth that was above-average for the sixth consecutive year. The weakening of the Euro relative to other major currencies helped to boost visitors to Europe by 5.0%. Visitors to the Americas also rose by 5.0%, and the Asian and Pacific region reported growth of 4.9%. Nearer to home, the Caribbean and Central America recorded above-average growth of 7.0%, as the strengthening of the US dollar spurred an increase in visitors from the United States. The outlook for

Chart 4.6: Tourist Visitors



Sources: BTB and CBB

2016 was positive, as oil prices continued to fall and contribute to a rise in disposable incomes in major source countries.

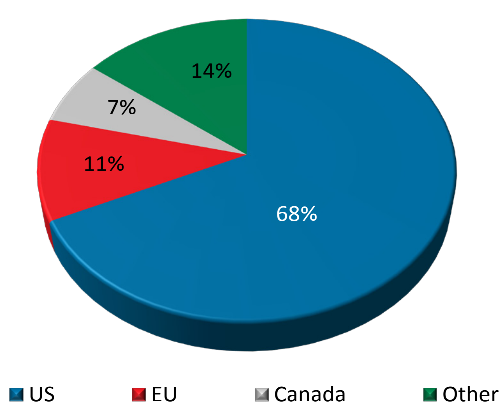
Where Belize was concerned, the number of overnight arrivals was below expectations in the first half of the year with a rebound in the second semester that resulted in a total increase of 5.9% to 314,878. The expansion was attributable to the ramping up of overseas marketing efforts, an increase in airlift capacity to the country with the addition of Southwest and Copa Airlines during the last quarter of the year and the modest economic recovery in Belize's major source markets. Visitors from the US, which accounted for 68.0% of stay-over arrivals, were up by 7.6%, while arrivals from the EU increased by 6.5%. In contrast, visitors from Canada, which accounted for 7.0% of the market, fell by 9.9%.

Following a record 42.9% expansion in the previous year, cruise ship disembarkations dipped by 1.0% to 862,178 visitors with port calls down by twenty ships due to their redeployment to other regions, including Asia.

Prices

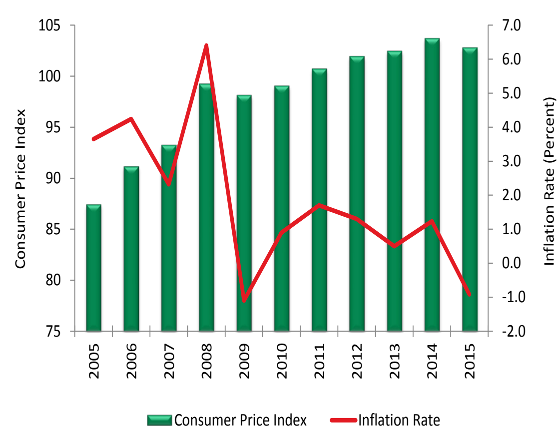
The general price level declined by 0.9%, the first annual deflation since 2009, and as in the case of the latter, deflationary pressures largely emanated from the plunge in international fuel prices, which lowered fuel prices at the pump, airfare costs, private transportation costs and gas prices. "*Transport*" prices were 7.5% lower on average, while a marginal 0.1% reduction was registered in the cost of "*Housing, Water, Electricity, Gas and Other Fuels*". Prices for "*Food and Non-*

Chart 4.7: Composition of Stay-Over Tourist Arrivals



Sources: BTB and CBB

Chart 4.8: Consumer Price Index



Source: SIB

Alcoholic Beverages" also fell by 0.4%, due to fresh and frozen vegetables, oils, fats and dairy products, which reflected a boom in domestic production and lower commodity prices in the first part of the year. The slide was somewhat arrested by the onset of a drought, which pushed up prices for select vegetables and grains in the latter half of the year, while the cost of meat was pushed upward with the increase in cross border sales that was facilitated by the cattle sweep programme. The fall in import costs as proxied by the 6.3% decline in the US export price index underpinned price declines in the "*Alcoholic Beverages and Tobacco*" (-0.4%) and "*Clothing and Footwear*" (-0.2%) categories.

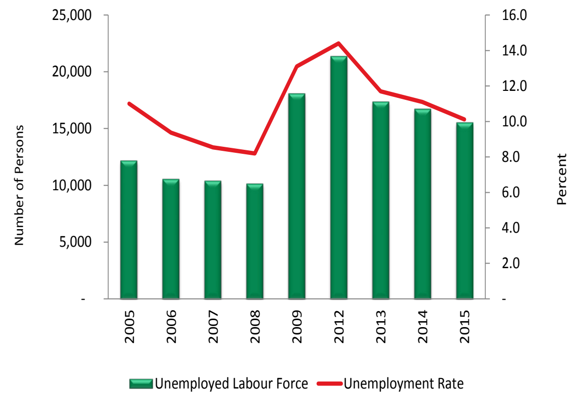
The CPI categories that were assigned smaller weights such as "*Health*", "*Education*", and "*Miscellaneous Goods and Services*" registered increases of 2.4%, 1.1%, and 2.0%, respectively, mostly due to the cost of outpatient services, pre-primary and primary education, and insurance services.

Employment

Growth in jobs outpaced the labour force and with a marginal decrease in the participation rate (the share of the working age population willing to work), the average annual unemployment rate fell from 11.6% to 10.1%. The job increases were centred in the labour-intensive services sector, particularly tourism and related activities.

In April (a peak employment period), the number of employed persons stood at 138,145, 2.6% above the comparable period of 2014, as a 6.8% increase in services jobs more than compensated for lower employment in the primary and secondary sectors. The April unemployment rate consequently decreased from 11.1% to 10.1%. September is generally an off-peak month for employment due to a fall in job opportunities and a swelling in the ranks of the unemployed by school leavers. However, unlike the customary seasonal pattern, the number of jobs actually expanded by 1.7% to 140,475 between April and September. With employment in services holding steady, the growth was mostly in agricultural jobs due to enhanced field maintenance practices.

Chart 4.9: Unemployment



Source: SIB

Between September 2014 and September 2015, employment increased by 4.4% and the labour force participation rate fell from 64.3% to 63.4%, resulting in a lowering in the rate of unemployment from 12.1% to 10.2% over the year.

Box 2: Sugar Industry Strategic Development Plan

As required by the seven-year commercial agreement signed in January 2015, the three cane farmers associations and Belize Sugar Industries Limited also signed a separate Statement of Commitment in which all industry stakeholders, including the Government, agreed to develop a Sugar Industry Strategic Development Plan (SDP) aimed at ensuring the "sustainability and viability" of the sugar industry. The process was to be guided by a steering committee that consisted of representatives from the three cane farmers' associations, BSI and the Ministry of Agriculture (as the chair) with the initial timeframe for preparation of the SDP being within one year of the signing of the commercial agreement. In the event that the document was not ready by the agreed timeline, any of the parties would have the unrestricted right to terminate the agreement.

As events unfolded, the SDP was not completed within the agreed deadline, and the parties agreed to a six month extension for completion of the work. The new target date is June 2016 with provision for a further six month extension, should the need arise. The major elements of the proposed SDP were summarized in a draft logical framework that was circulated to stakeholders for comments, and which will be reconsidered by the Steering Committee before finalization of the plan.

The plan highlights the need for collaboration by industry stakeholders and has as one of its primary objectives the lowering of the industry's unit cost of production to a globally competitive level. Six rules for the implementation of the proposed framework were laid down:

a) Fair and equitable commercial agreements should govern the structure of the industry, its operations and the relationship among stakeholders.
b) Investments by stakeholders should be justified on their commercial merit.
c) The Government's role is to create the regulatory framework and investment climate that will be conducive to encouraging the required investments.
d) The implementation of the SDP is to follow a three-phase approach, with each phase to be completed before moving to the next.
e) The industry should aim to maintain its competitiveness over the long term through constant innovation.
f) Notwithstanding the three-phase approach, stakeholders can implement new projects outside of the framework.

The proposed three-phase approach for improvement of the industry's competitiveness spans the period from 2016 to 2023.

Phase 1: 2016 to 2018 – Industry Consolidation at Current Capacity of 1.25 million metric tons (mt)

In the first phase, BSI is to ensure that the mill has the capacity to grind 1.25 million mt of sugarcane for the crop year. For their part, farmers will have to improve field practices so that by 2018 farm yields increase from the current average of 18 long tons per acre to an average of 25 long tons of sugarcane per acre. Suggested changes to achieve the desired yield increase include the introduction of higher sucrose-containing sugarcane varieties and improved husbandry practices.

It is proposed that an agro-financing package be put in place to enable farmers to implement the requisite field changes, and that land should be prepared for future mechanized harvesting, albeit at a minimal scale. Transportation expenses, which constitute a major portion of farmers' costs, are to be gradually lowered through improvements in the delivery structure, such as increasing the tonnage per delivery of harvesting groups. The objective is to reduce harvesting and delivery costs to less than one-third of the sugarcane price by 2018. Another component of this phase is an increase in the domestic sugar price by $0.25 per pound.

Phase 2: 2019 to 2020 – Industry Optimization at a capacity of 1.35 million mt

In phase two, the maximum capacity of the mill is to be increased to 1.35 million mt through BSI investments of US$11.0mn into the factory and power plant. By 2020, farm yields should have increased to an average of approximately 30 tons per acre through continued replanting of sugarcane fields with the improved varieties. Harvesting and delivery costs should continue to be reduced through an increase in the use of mechanized harvesting. Other investments during this phase would include an increase in sugar storage capacity and the replacement of the barges used for transportation of sugar to the port.

Phase 3: 2021 to 2023 – Industry Expansion to a capacity of 1.8 million mt

Phase 3 specifies the expansion of the mill to a capacity of 1.8 million mt through an investment of US$80.0mn into the factory and power plant. In order to accommodate this capacity, farm yields would need to increase to an average of 34 long tons of sugarcane per acre. The plan anticipates that by 2023, the land area prepared for mechanized harvesting would cover approximately 50% of total acreage.

Although the logical framework of the proposed SDP is still under review by stakeholders, some elements of the plan have already been realized or exceeded for phase 1. In late 2015, the domestic price for plantation white sugar was increased by the desired $0.25 per pound. This should generate an estimated $6.95mn per annum, of which BSI, as processor, will collect $2.43mn and 5,406 sugarcane farmers, including BSI with approximately 9.0% of deliveries, will collect $4.52mn or about $3.00 per long ton of sugarcane. BSI claims that the mill's grinding capacity is already at 1.3 million mt, which is above the threshold of the first phase. The return to a normal harvest cycle for the 2015/2016 crop should therefore be a good test of the actual grinding capacity of the mill.

Based on the Sugarcane Production Committee's (SCPC) estimate of 321,000 mt of sugarcane left in the field at the close of the 2015 grinding season (with deliveries of 1.186 million mt), current production of sugarcane, is already in excess of factory capacity in phases 1 and 2. Furthermore, the SCPC estimates that the 2015/2016 crop will yield 1.6 million mt. Hence, to require increases in the average crop yield of 38.9% in phase 1 and 20.0% in phase 2 implies that the oversupply of sugarcane will worsen to the point where it could even exceed the final expansion to 1.8 million mt in factory capacity. Farmer losses would be exacerbated during these phases, since the envisioned factory expansion at phase 2 would still be below the 2015 and estimated 2016 production levels.

Industry competitiveness can only be improved through the determined and committed efforts of the three stakeholders to reduce the overall costs-of-production and increase industry efficiency. At the field level, farmers need to ensure their viability by producing high quality sugarcane at a viable cost and they also need to reduce transportation costs through bigger delivery loads. At the factory level, the processor has to expand mill capacity in line with sugarcane production and make the necessary investments to reduce the cost of transporting the sugar to the port. Government, for its part, needs to focus on developing the road network and port facilities. The success of measures to ensure industry sustainability will require the pragmatic sequencing by each stakeholder and, very critically, appropriate coordination between stakeholders of the planned reforms.

Central Government Operations

Fiscal performance indicators weakened for a second consecutive year as the government's overall deficit rose to 8.4% of GDP, the highest since 2003, and its primary deficit surged from 0.3% of GDP to 5.8% of GDP. The expenditure to GDP ratio increased from 32.0% to 37.2%, and sustainability as measured by the tax dependency ratio (ratio of tax revenue to expenditure) declined from 72.7% to 67.1%. After expanding by 19.2% in 2014, total spending was ramped up by a further 16.6% in 2015 and thus continued to be much above the 4.0% annual growth averaged between 2006 and 2013. The upward surge in expenditure reflected increased outlays on capital projects and net lending, and an expanded wage bill. Total revenue dipped by 0.8% to $992.6mn (28.8% of GDP) mainly due to a shrinkage in grant receipts.

Table 5.1: Revenue and Expenditure Summary

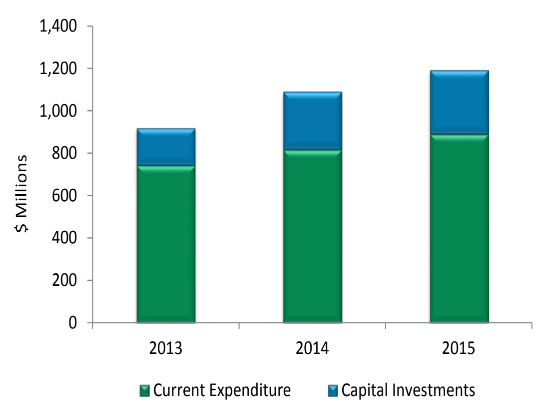
	Jan-Dec 2014	Jan-Dec 2015
Ratio to GDP (%)		
Current Revenue	26.5	28.1
Tax Revenue	23.2	25.0
Non-Tax Revenue	3.3	3.2
Current Expenditure	23.8	25.9
CURRENT BALANCE	2.7	2.3
Capital Revenue	0.2	0.2
Capital Expenditure (Capital II Local Sources)	3.5	3.3
OPERATING SURPLUS	-0.6	-0.8
Grants to GDP	2.4	0.5
Total Revenue and Grants	29.1	28.8
Total Capital Expenditure	8.2	11.4
Total Expenditure	32.0	37.2
Of which: Interest Payment on Public Debt	2.5	2.6
Primary Balance to GDP	-0.3	-5.8
Primary Balance without Grants to GDP	-2.8	-6.3
Overall Balance to GDP	-2.9	-8.4
Overall Balance without Grants to GDP	-5.3	-8.9

Sources: MOF and CBB estimates

While revenues from the domestic oil industry declined further, contributing 1.5% of government income as compared to 4.0% in the previous year, receipts from non-oil sources were quite buoyant. Tax revenues accounted for 86.6% of total income and registered a 7.6% ($61.1mn) increase mostly due to higher collections from international trade and the General Sales Tax. However, non-tax revenue edged down by 3.7% ($4.2mn) as a $19.5mn increase in property income (95.0% of which came from BTL) did not compensate for lower collections from government departments, rents and royalties. At $17.2mn, grant receipts were only one-fifth of the amount received in 2014.

Current expenditure rose by 8.8% to $889.9mn (25.9% of GDP), reflecting increases that were across-the-board except for foreign transfers. The negotiated 8.0% wage increase for public servants contributed to expansions of 12.8% in wages/salaries, 19.6% in pensions and 3.5% in domestic transfers, part of which was for teachers in non-governmental educational institutions. As a result, the public sector wage bill (salaries and pensions) rose from 46.0% of government's current revenue in 2013 to 53.2% in the space of two years,

Chart 5.1: Current and Capital Expenditure

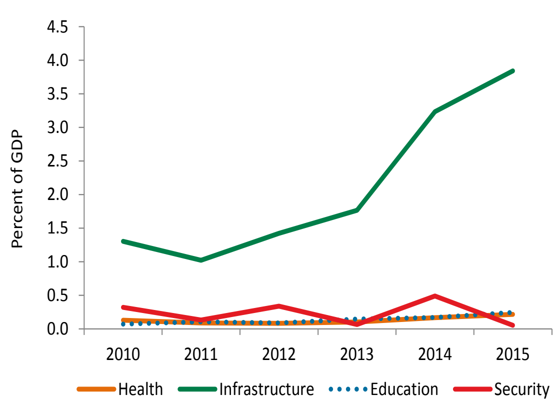


Sources: MOF and CBB estimates

compared to the international benchmark of 40.0%.

There was even stronger growth in capital expenditure and net lending with a 39.0% upward surge to 11.4% of GDP. More than three-quarters of the increase ($86.7mn) consisted of a loan to BTL to facilitate repayment of the BCB loan that had been the subject of a legal dispute. Spending on key infrastructural and development projects accelerated during the year and accounted for 49.0% of the capital budget. The works included developments on the south side of Belize City, completion of the Southern Highway, construction of the Macal Bridge, the Santa Elena International Crossing, and much needed maintenance and rehabilitation of roads, culverts and highways. Land and solid waste management accounted for 8.9% of outlays and a similar share went on environmental projects. Some 4.6% was spent on social protection, and 5.9% was allocated for education and health. A medley of expenditures for sports, science, technology, housing, tourism, security and agriculture accounted for another 5.5%. The remainder went on the Belize Infrastructure Limited, furniture, equipment and upgrading of office buildings.

Chart 5.2: Development Expenditure as a Percentage of GDP



Sources: MOF and CBB estimates

The escalation in the fiscal deficit and the September payments for liabilities associated with the nationalization of BEL and BTL substantially widened the financing gap, which consists of the overall deficit and loan amortization, to $512.3mn. External borrowing rose by 2.9% to cover 34.1% of the gap, leaving the bulk of the financing to be sourced domestically. Debt dependency, denoted by the ratio of new borrowings to government expenditure, consequently rose from 16.2% in 2014 to 24.0% in comparison with the 20.0% international threshold that demarcates critical borderline sustainability.

Public Sector Debt

During the year, new issuances of government securities and concessionary external borrowing boosted the public sector's outstanding debt by 8.3% to $2,846.0mn (82.7% of GDP). The share of foreign loans in the total debt decreased from 85.7% to 82.6%, while the domestic debt increased its share from 14.3% to 17.4% as the Government increased its reliance on the issuance of local paper. The acceleration in Government borrowing raised the ratio of the external debt to GDP from 65.5% to 68.3% and the ratio of the domestic debt to GDP from 11.0% to 14.4%.

Central Government Domestic Debt

The year was marked by a spurt in Government borrowing to accommodate payments towards outstanding liabilities for the 2009 and 2011 acquisitions of BTL and BEL and over-runs on the recurrent and capital budgets. The bulk of the new debt came via the issuance of $113.5mn in government securities. Two issues of Treasury notes, $40.0mn in February and $48.5mn in September, raised the outstanding notes to the current statutory ceiling of $225.0mn, while the $25.0mn in Treasury bills issued in December raised the total bills outstanding to $200.0mn,

Chart 5.3: Public Sector Debt

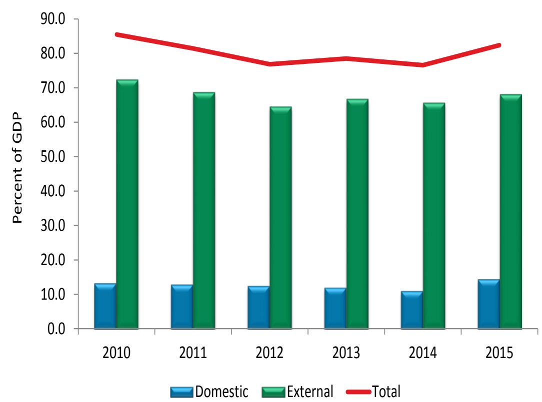
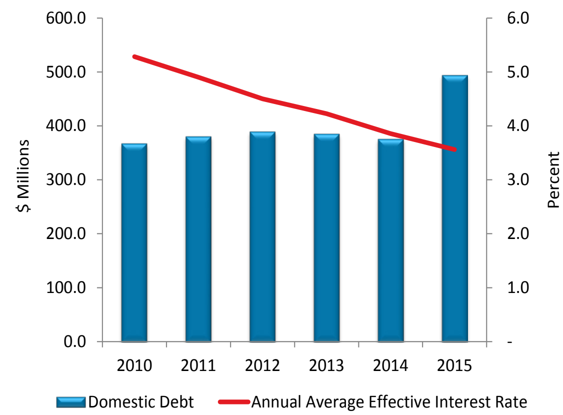


Chart 5.4: Domestic Debt



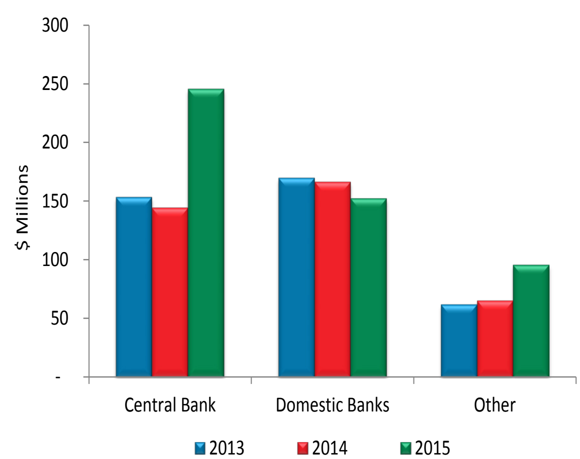
which was also the legislated maximum. The Central Bank acquired $95.4mn of the new securities, and non-bank entities obtained the balance. The Government also increased the balance on its overdraft facility with the Central Bank by $16.2mn to $63.8mn to meet the retroactive 8.0% wage increase for the public service in July and the second bi-annual interest payment on the 2038 bond. The end result was a 31.5% increase in its domestic debt to $494.4mn.

The new government securities raised the share of medium to long term debt from 38.1% to 46.5%, of which Treasury notes and loans accounted for 97.8% and 2.2%, respectively. Meanwhile, Treasury bills and Central Bank advances accounted for 75.8% and 24.2% of the short term debt, respectively.

In September, the $10.0mn Defence bond that was being held by the Central Bank reached maturity and was retired by Central Government. Debt service payments (principal and interest) therefore spiked by 61.3% to $27.4mn during the year. Excluding the bond retirement, principal payments amounted to $1.9mn, of which $0.9mn went to domestic banks for infrastructural loans, $0.6mn was for Fort Street Tourism Village and a combined $0.4mn was paid to the Belize Social Security Board (BSSB) and Debt for Nature Swap.

Interest payments totaled $15.5mn, with the Central Bank receiving $4.4mn for short-term credit provided through the overdraft facility and $7.0mn on its holdings of longer-term Treasury notes and bond. Interest payments to the domestic banks and non-bank entities amounted to $0.4mn and $3.7mn, respectively, in respect of their portfolio of government securities and loans. The downward trajectory in Treasury bill yields and a decision to change the interest charged on the

Chart 5.5: Sources of Central Government Domestic Debt



overdraft facility from the fixed 11.0% rate to the 12-month rolling average rate on new commercial loans, which averaged 9.87% in 2015, caused the average effective interest rate on the domestic debt to decrease from 3.9% in 2014 to 3.6%.

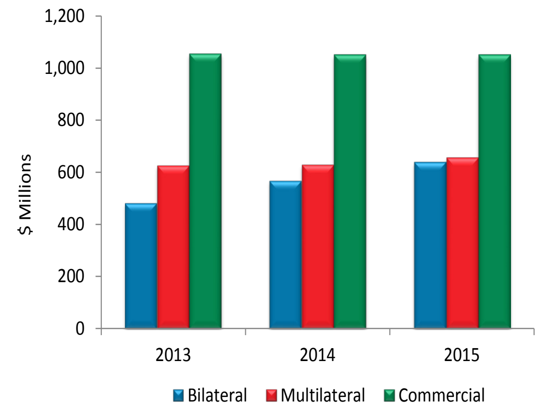
At year-end, the banking sector's share of Central Government's domestic debt stood at 30.9%, as compared to 44.2% at the end of 2014. Concurrently, the share held by the Central Bank and non-banking sector increased to 49.7% and 19.4%, respectively, mainly due to expanded holdings of government securities.

Public Sector External Debt

The public sector external debt rose by 4.4% to $2,351.6mn over the year, as disbursements exceeded amortization payments and downward valuation adjustments of $4.2mn. The latter reflected an appreciation of the US dollar against the Euro and SDR.

Disbursements amounted to $279.9mn and included a legacy loan to BTL by BCB for $97.1mn, which was simultaneously recognized and settled in September. While lending under the VPCA declined from $115.7mn in 2014 to $85.0mn, these flows still accounted for 79.5% of bilateral inflows and 46.5% of all annual disbursements. Bilateral disbursements were used for budgetary support and to finance several infrastructural projects that included the Big Falls border road and rehabilitation of the northern border facilities. Multilateral disbursements summed to $75.9mn and included sizeable amounts from the CDB for the Santa Elena Bypass, Belize River Valley project and Road Safety project and from the IDB for the solid waste management project, agricultural service program and education quality improvement project.

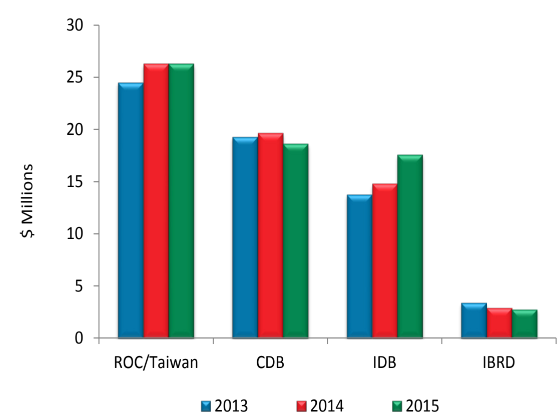
Chart 5.6: External Debt by Creditor Category



The largest component of the external debt remained the 2038 bond with a 44.8% share. Loans from the multilateral institutions comprised 28.0%, with the CDB and IDB being the main multilateral creditors. Although disbursements from Venezuela fell by 26.7%, the share of bilateral funding agencies edged up from 25.2% in 2014 to 27.3%, with Venezuela accounting for 58.3% of the bilateral debt stock.

The one-off loan repayment to BCB inflated principal payments, which amounted to $175.8mn. Central Government repaid $33.0mn to bilateral

Chart 5.7: External Debt Principal Payment to Major Creditors



lenders, most of which went to Republic of China (ROC)/Taiwan, and $41.3mn to multilateral creditors, mainly the CDB and IDB. The financial public sector, namely the Development Finance Corporation (DFC), repaid $0.8mn to the CDB. The non-financial public sector paid $97.1mn to British Caribbean Bank and $3.0mn to CDB.

Of the $74.2mn in interest payments, $52.7mn went to the holders of the 2038 bond. Bilateral lenders received $6.8mn, of which $4.9mn went to ROC/Taiwan, and the CDB and IDB accounted for most of the $14.7mn paid to multilateral lenders. The year-on-year effective interest rate averaged 3.2%, down marginally from the 3.3% rate of 2014, largely due to the concessional nature of the Venezuelan loans.

External debt service ratios were weaker relative to 2014 but remained within critical thresholds. External debt servicing as a percentage of GDP increased from 4.4% to 7.3% with the one-off settlement of the BCB loan to BTL. Likewise, the ratio of external debt service to exports of goods and services rose to 11.7% at year-end, which remained below the 15.0% threshold set by the International Monetary Fund (IMF) for developing countries.

Chart 5.8: External Debt Service

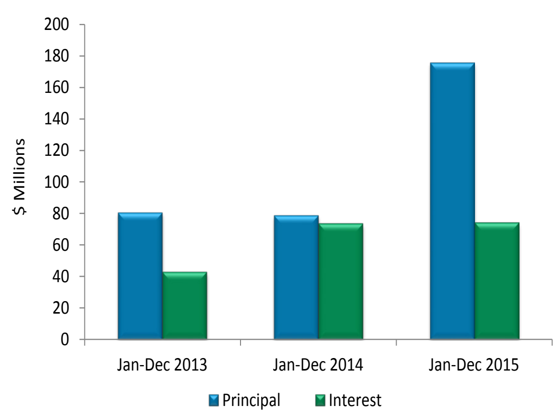
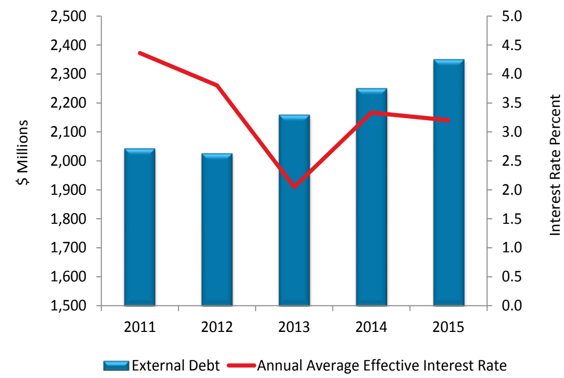
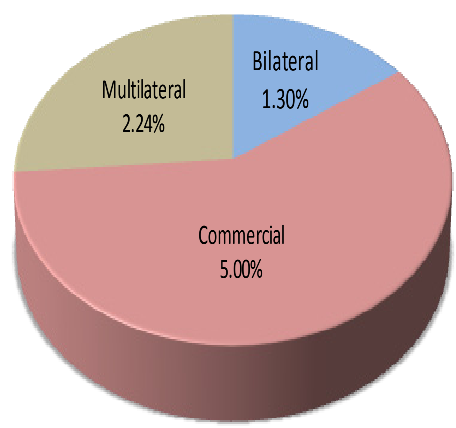


Chart 5.9: External Debt



At the end of 2015, Central Government accounted for 96.6% of the outstanding external debt and the financial and non-financial public sectors for 2.7% and 0.7%, respectively. Of the present portfolio, $2.6mn is scheduled to mature in 2016, and $242.3mn will mature during the next ten years, leaving $2.1bn with a maturity schedule that exceeds ten years.

Chart 5.10: Effective Interest Rates by Creditor Category 2015



Box 3: Fiscal Initiatives

29 July 2015 – The Cruise Ship Passenger Tax Act was passed to codify the charges levied on cruise ship passengers who disembark at the Fort Street Tourism Village.

4 August 2015 – The Petrocaribe Loans Act was amended to bring clarity to certain provisions of the Act. It specifies that monies borrowed from Alba Petrocaribe (Belize energy) Limited (APBEL) shall be kept in a fund at the Central Bank of Belize, which forms part of the government's Consolidated Revenue Fund, and may be withdrawn from time to time as the need arises for any of the following:

a) To finance capital projects;
b) To provide social and community assistance to the poor, socially marginalized and other sectors of the community;
c) To pay compensation relating to the Government's nationalization of BEL;
d) To pay compensation relating to Government's nationalization of BTL;
e) To assist with commercial and Super Bond debt buyback; or
f) To finance any other similar and legitimate purposes.

4 September 2015 – The Electricity Acquisition (Settlement) Act was passed to facilitate the implementation of the terms of settlement agreed between the Government and the Fortis Companies as regards the Government's nationalization of BEL in the public interest.

17 September 2015 – The Telecommunications Acquisition (Settlement) Act was passed to facilitate the implementation of the terms of settlement between the Government, Dunkeld International Investment Ltd, British Caribbean Bank Limited and The Trustees of the BTL Employees Trust arising from the Government's nationalization of BTL in the public interest.

21 October 2015 –The Customs and Excise Duties Act was amended to introduce the third phase of reduction in customs duties as required by the Economic Partnership Agreement between CARIFORUM and the European Union.

2 January. 2016 –The Custom and Excise Duties was amended to adjust the rates of duty on imported fuel, effective 28 December 2015.

Description of Goods	Rates of Duties
Motor Spirit (Gasoline)	From $2.59 to $3.28 per Imp. Gal.
Gasoline 90 octane of more (Premium)	From $2.77 to $3.56 per Imp. Gal.
Diesel Oil	From $1.52 to $2.30 per Imp. Gal.

Money and Credit

Domestic interest rates declined further in 2015 as robust deposit growth outstripped a modest increase in private sector borrowing and boosted bank liquidity. With foreign reserves continuing to exceed benchmark coverage for imports, the Central Bank maintained a relaxed policy stance during the year. M2 (broad money) grew by 7.6% driven by credit to the Government, which peaked in September when payments were effected to settle some of the outstanding foreign obligations arising out of the nationalization of BTL and BEL. These transactions impacted negatively on the official foreign reserves and contributed to an overall 6.6% annual decline in the net foreign assets of the banking system.

The banks continued to focus on lowering their interest costs in view of the sizeable liquidity overhang. Consequently, time deposits shrank by $38.4mn (4.2%) in 2015, the sixth consecutive year of contraction. At year-end, these deposits, which usually attract the highest interest rates, comprised only 33.9% of deposits compared to 61.8% in 2009, the last year in which an increase occurred. In contrast, demand deposits, which are usually at zero rate of interest, expanded by $152.2mn and accounted for 41.5% of deposits, up from 19.4% six years ago. Resulting from this, quasi-money fell to 46.8% of money supply (M2) in 2015, while narrow money expanded its share to 53.2%.

The Central Bank's net foreign assets contracted by $107.2mn as inflows from sugar export proceeds, the domestic banks and external loans only partly compensated for public sector external debt service payments and the September settlements for the utilities. On the other hand, the net foreign asset position of the domestic banks improved by $26.3mn mainly due to an upswing in tourism in the last quarter of the year.

Following two consecutive years of substantial declines, net credit to Central Government ballooned by $293.4mn to cover payments for the utilities and budgetary over-runs. The Government drew down $209.5mn from deposits held at the Central Bank, issued $113.5mn in

Chart 7.1: Net Foreign Assets

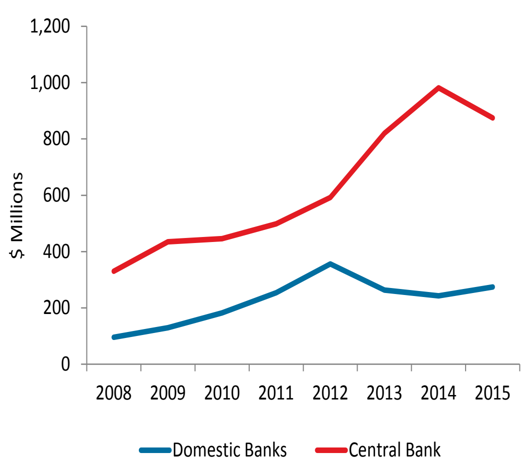
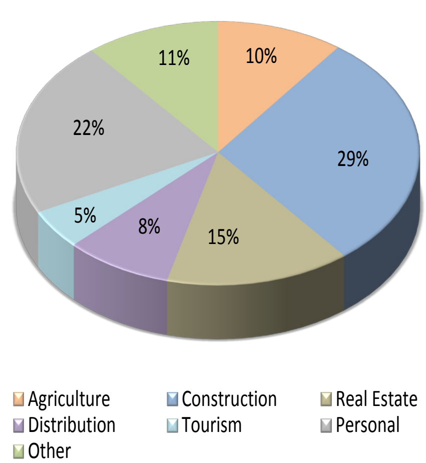


Chart 7.2: Domestic Banks - Loan Distribution



new securities and pushed its overdraft balance at the Central Bank up by $16.2mn. The latter ended the year at $63.8mn, which was 21.5% below the legal threshold for the overdraft. With the issuances of new paper in 2015, Treasury bills and Treasury notes reached their respective ceilings of $200.0mn and $225.0mn. Arising from this, the Central Bank expanded its portfolio of Government securities by $95.4mn and the balance was shared among insurance companies and other non-bank entities.

Muted by write-offs of non-performing loans, credit to the private sector registered a modest 3.1% increase, compared to the 4.7% growth of 2014 that had been inflated by lending to the sugar industry. The largest increase ($52.7mn) was for construction, where competition was most intense and lending rates among the lowest. Beverage manufacturing and real estate activities were next in line with increases of $14.3mn and $15.1mn, respectively. In comparison, a combined increase of $8.6mn was recorded for sugar, banana and marine products, and personal loans declined for the first time in six years partly due to loan write-offs, some of which occurred as FCIB wound up expenses prior to the closure of its Belize branch. Notably, bank lending remained heavily skewed to net users of foreign currency, an estimated 74.1% of the combined loan portfolio. The primary sector, manufacturing and tourism activities together accounted for just 19.3% of all lending.

For its part, credit union lending remained buoyant with a 7.1% ($35.1mn) increase that underpinned payments for education, vehicle purchases, commercial real estate projects, home construction and grain production.

With the Government's expansionary fiscal outlays contributing to the buildup of deposits in the banks, the annual growth of excess statutory liquid assets doubled from 15.4% to 33.8%, ending the year at $453.2mn (76.3% above requirements). As is customary, the build-up was in the first half of the year, followed by contractions as lending picked up and payments were effected for seasonal imports. Holdings of excess cash reserves also rose by 32.7% and, at $445.7mn, more than doubled the legal requirement. While the excess was substantial, it was unevenly distributed and

Chart 7.3: Credit Unions - Loan Distribution

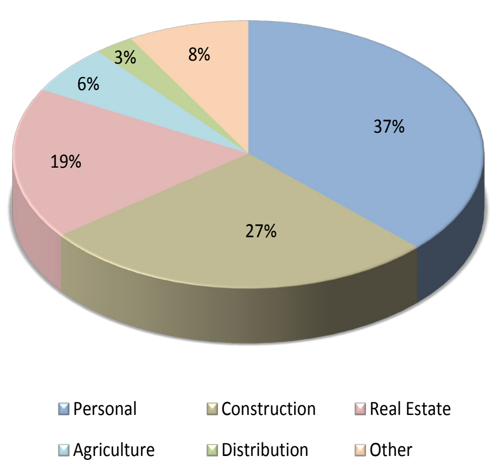


Chart 7.4: Excess Statutory Liquidity

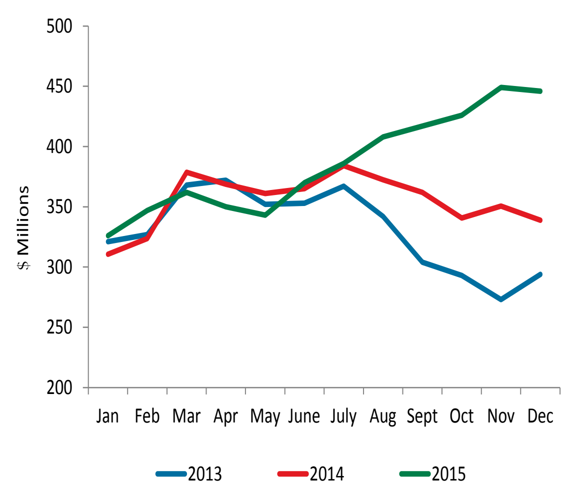


Chart 7.5: Interest Rates on New Loans and Deposits
(12-Month Rolling Average)

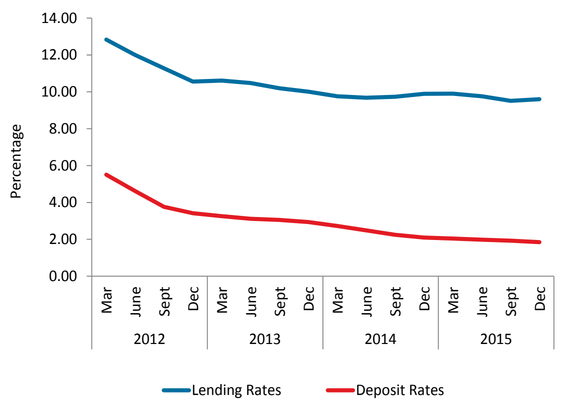
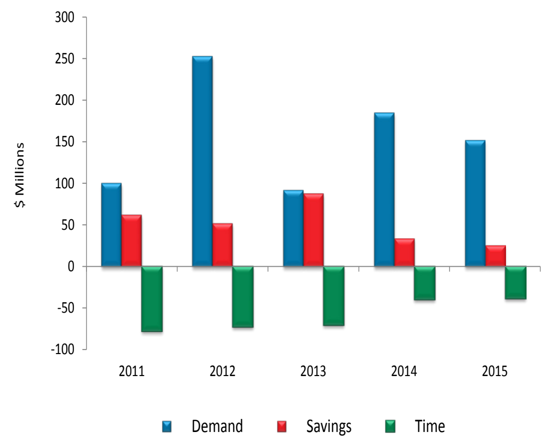


Chart 7.6: Deposit Growth



this spurred interbank trading in the latter months of the year with one bank borrowing amounts summing to $57.0mn for periods ranging from 11 to 15 days.

Further growth in liquidity assured the continuation of the downward drift in domestic interest rates, which registered its eighth consecutive year of decline. The 12-month (rolling) weighted average interest rate on new loans sank by 29 basis points to 9.60% with lower rates for all loan categories. Notably, interest rates for personal loans and residential construction loans declined by 100 basis points and 35 basis points, respectively. The matching interest rate on new deposits was down by 25 basis points to 1.84%, as declines of 26 basis points on savings/chequing accounts and 17 basis points on time deposits outweighed the three basis points uptick on savings accounts. The weighted average spread on new loans and deposits consequently edged down by 3 basis points to 7.76%.

Meanwhile, although active bidding by banks and insurance companies caused the yield on Treasury bills to be further compressed, there was some indication of reduced appetite. The downward trend was maintained with the yield falling to 0.05901% in the December auction; however, this constituted an annual decline of 13 basis points as compared to declines of 90 basis points in 2013 and 81 basis points in 2014.

Balance of Payments

Lower outflows for profit repatriation were more than offset by a sizeable expansion in the trade deficit and decline in earnings from services during the year. The deficit on the external current account consequently widened from 7.5% of GDP in 2014 to 10.0% of GDP in 2015. Meanwhile, the surplus on the financial account plunged from $349.5mn to $184.5mn due to the compensation paid to the previous owners of BTL and BEL, increased Government loan repayments and an uptick in deposits held abroad by commercial banks. The gross international reserves were therefore drawn down by 10.3% to $0.9bn, equivalent to 5.0 months of merchandise imports.

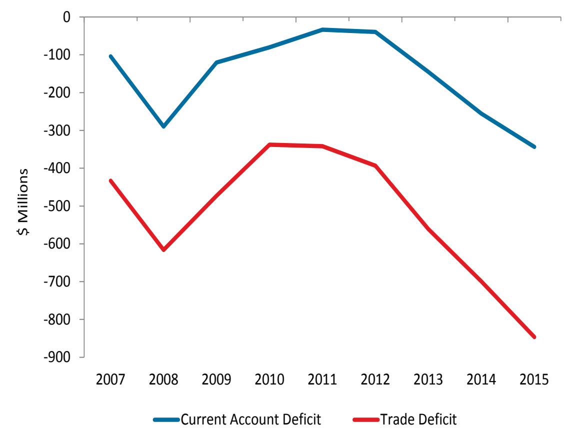
Merchandise Trade

After excalating by 24.6% in 2014, the merchandise trade deficit registered a further 21.1% expansion to $846.7mn (24.6% of GDP) during the year. Total exports fell by 8.7% as a result of lower earnings from the Commercial Free Zone (CFZ)

Table 6.1: Balance of Payments

		$mn
	2014 Net	2015 Net
CURRENT ACCOUNT	**-255.6**	**-343.5**
Merchandise Trade	-699.1	-846.7
Services	571.1	554.8
Primary Income	-275.6	-190.9
Secondary Income	148.0	139.4
CAPITAL ACCOUNT	**87.9**	**17.2**
FINANCIAL ACCOUNT	**-349.5**	**-184.5**
NET ERRORS AND OMMISSIONS	-18.1	41.5
FINANCING	163.5	-100.3
Memo Items:		
Monthly Import Coverage	**5.7**	**5.0**
Current Account/GDP Ratio (%)	**-7.5**	**-10.0**

Chart 6.1: Current Account and Trade Deficit

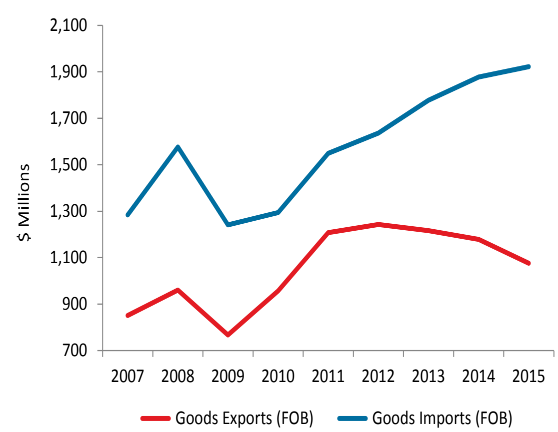


and all domestic commodities except sugar and molasses. Imports rose by 2.4% due to higher outlays by CFZ companies, as purchases for domestic consumption fell.

Sugar and Molasses

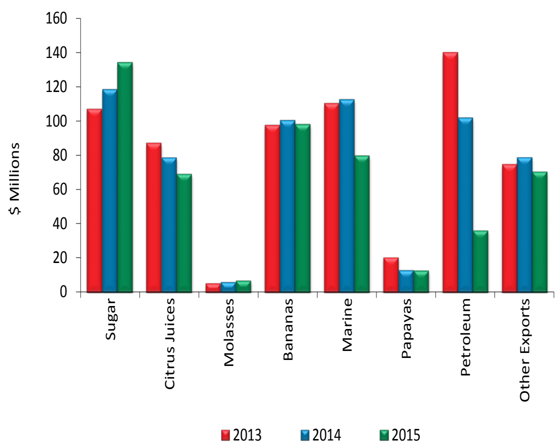
Sugar export earnings increased by 13.2% to $134.5mn mainly due to a 17.7% expansion in volume as the average price was 3.9% lower. While the EU remained the largest customer, sales to that market shrank by 5.7% to 97,168 long tons, and revenues were down by 10.2% to

Chart 6.2: Merchandise Exports and Imports



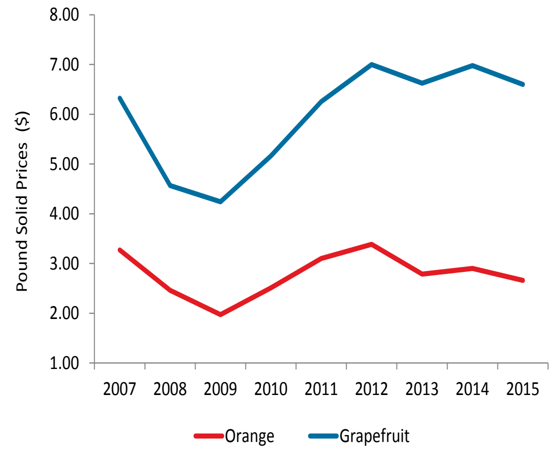
Source: SIB

Chart 6.3: Domestic Exports



Source: SIB

Chart 6.4: Citrus Prices



Source: CPBL

$103.5mn. This was due to a decision to capitalise on a shortfall in the US market caused by a trade dispute with Mexico. Sales to the US amounted to 24,563 long tons, which consisted not only of the 2015 quota of 10,923 long tons but also the pre-delivery of a portion of the 2016 quota. The balance of 3,592 and 67 long tons went to the regional market and Canada, respectively. While molasses exports fell by 12.8% to 28,588 long tons, receipts were up by 17.4% to $7.4mn.

Citrus Juices and Pulp

The volume of citrus juice exports declined by 4.8% with reductions of 4.9% and 4.5% in orange and grapefruit juices, respectively. The fall in revenue was steeper at 12.3% due to lower prices for orange concentrate that appeared to reflect a shift in consumer preferences toward substitute drinks with lower sugar content. Earnings from orange concentrate fell by 12.9% to $62.0mn with receipts from the US market down by 13.8%, as the price decline outweighed an increase in export volume. Revenues from Europe plunged by 58.7%, reflecting a more than halving of sales volume and 4.8% drop in prices. Contrasting with this, the average price received in the Caribbean was higher, since it was based on the average futures price for 2013 and 2014. With both a higher volume and average unit price, revenue from Caribbean sales rose by 58.1%. Sales of the not-from-concentrate and freeze concentrate products to Japan were neglible, yielding only $0.3mn each.

Reduced export volume and a weakening in the average unit price also pushed revenues from grapefruit concentrate down by 8.2% to $7.0mn. International prices sank for concentrate made from white grapefrut, the locally produced variety, as consumer preferences shifted toward the lower-priced pink grapefruit variety. While the volume sold to Europe, the largest market, edged down by 0.2%, receipts shrank by 9.2%. Earnings from sales to the Caribbean remained steady, on the other hand, as a 3.5% decline in volume was offset by an improvement in the average unit price. Meanwhile, exports of freeze concentrate juice to Japan fell to 0.2mn ps valued at $0.8mn.

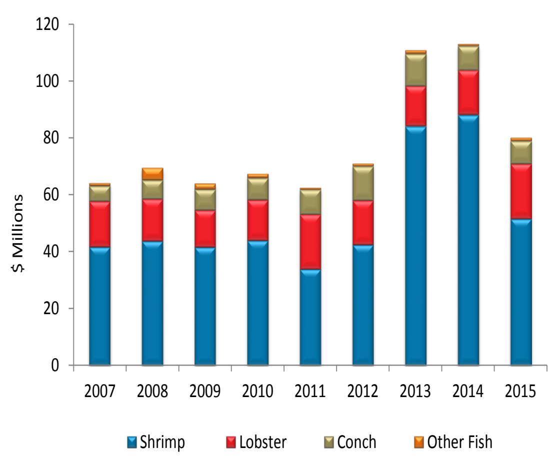
Banana

With domestic production down, annual banana export volume fell by 3.8% to 98,842 metric tons, while the share of third class banana in the export tonnage increased from 4.5% to 5.4%. However, receipts fell by only 2.4% to $98.4mn because more produce was shipped this year during weeks one to twenty when the unit price was higher. Under the marketing agreement between the Banana Growers Association (BGA) and Fyffes that came into effect on January 2013, payments are based on a weekly delivery schedule whereby Fyffes pays higher prices for fruit shipped from weeks one to twenty.

Marine Exports

Lower output of farmed shrimp was a significant factor in the 34.2% drop in marine export volume to 10.5mn pounds. Earnings were down 29.1% to $80.0mn, a less than proportionate decline as the sizeable decrease in shrimp sales was offset by a marginal improvement in the average unit prices of conch and shrimp. The modest price rally could not compensate for a 43.4% contraction in volume, however, and earnings from farmed shrimp therefore plummeted by 41.4% to $51.6mn. While earnings from conch declined by 6.0% to $8.0mn with a fall in volume eclipsing gains from a modest improvement in price, lobster receipts increased by 23.9%, buoyed by a hike in sale volume that outweighed a decline in the average unit price. Revenues from whole fish almost doubled to $1.0mn, as the largest tilapia farm came back on-stream after being acquired by new investors.

Chart 6.5: Exports of Marine Products



Source: SIB

Other Major Exports

In the case of petroleum, a sizeable decline in export volume and the plunge in international crude oil prices due to a global oversupply squeezed earnings, which at $36.1mn was slightly more than one-third that of the previous year. The average price per barrel fell from US$86.83 in 2014 to US$44.58, and indications are that the low prices may persist into the upcoming year.

Papaya exports fell by 10.0% to 30.7mn pounds. However, an embargo on fruit imports from the Dominican Republic and lower volumes from Mexico due to adverse weather reduced supply to the US market and pushed up papaya prices, causing receipts to remain steady at $13.0mn.

Non-Traditional Exports

Lower sales of animal feed, black eyed peas, corn meal and pepper sauces caused earnings from non-traditional exports to fall by 10.3% to $70.4mn. Exports of animal feed contracted by 54.8% to 50.7mn pounds with revenues down by 52.5% to $11.9mn. Reduced volume accounted for the fall in earnings from black eyed peas to $5.5mn, and volume and price contractions led to reduced earnings from corn meal and pepper sauces. On the other hand, earnings from sawn wood rose due to higher volume and prices, and receipts from other commodities such as Red Kidney beans and pulp cells increased, with a higher export volume compensating for lower prices. Receipts from citrus oils almost doubled to $10.7mn.

Re-Exports

Revenue generated by the CFZ was down by 3.9% to $451.1mn, as a sharp devaluation of the Mexican peso adversely affected cross border trade, and CFZ businesses were affected by the closure of one of the two banks operating in the zone. However, total income from re-exports remained relatively stable as receipts from the Customs area increased by 19.1%, buoyed by a rise in sales of "*Machinery and Transport Equipment*", "*Minerals, Fuel and Lubricants*" and "*Manufactured Goods*".

Imports

Gross imports (FOB) were up by 2.4% as goods destined for the CFZ expanded by 42.2% to $292.7mn, while imports for domestic consumption contracted by 2.5%. Due to the winding down of the Santander sugar industry investments and the temporary closures of shrimp farms, imports attributed to the export processing zone companies almost halved to $106.9mn. While the value of electricity imports was relatively stable, expenditure on "*Mineral, Fuels and Lubricants*" declined by 21.4% due to the substantial fall in international petroleum prices. Spending on "*Food and Live Animals*" also declined by 1.4%.

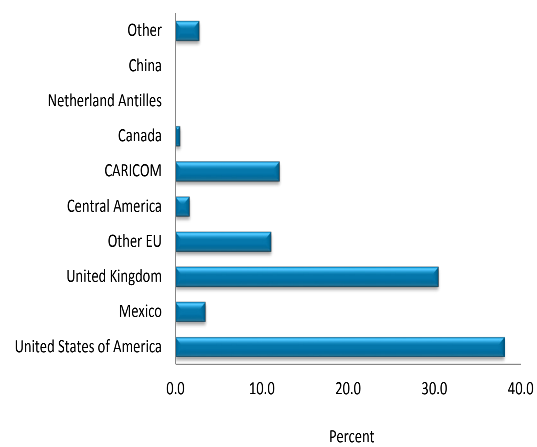
On the other hand, purchases of vehicles and parts helped to push imports of "*Machinery and Transport Equipment*" upward by 20.2% to $433.7mn. "*Manufactured Goods*" also rose by 11.3% to $208.4mn with more purchases of tires and steel. Outlays on "*Chemical Products*" were up by 9.2% to $172.4mn due to increased imports of fertilizers, and "*Other Manufactures*" grew by 10.5% to $147.3mn with higher imports of laboratory equipment.

Direction of Visible Trade

CFZ cross border sales resulted in Mexico being ranked as Belize's principal export market with a slight decrease in its share from 48.1% in 2014 to 47.8% in 2015. The share of exports to the US rose from 19.4% to 20.5% mainly due to the recommencement of sugar sales, since sales of other commodities such as shrimp and papaya fell. With a substantial rise in exports of farmed shrimp in the first part of the year compensating for the fall in sugar and banana sales, the UK's allocation held steady at 16.5%. Meanwhile, the share of the rest of the EU declined from 6.4% to 6.0% due to decreased sales of citrus, and that of CARICOM dipped from 6.6% to 6.5% with the fall in sales of farmed shrimp.

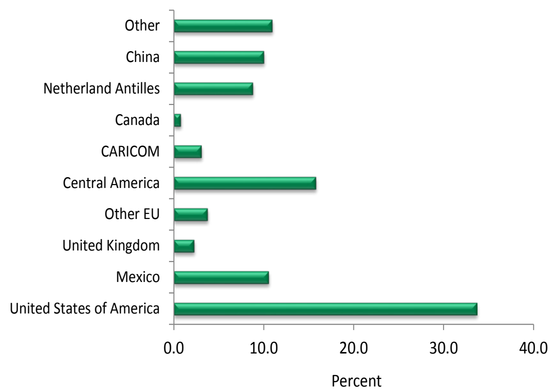
The US continued to be the main supplier of imports, accounting for 33.7% of Belize's foreign purchases. Buoyed by a surge in business activity between the CFZ and the Colon Free Zone in Panama, the share of imports from Central America increased to 15.8%, and China's share

Chart 6.6: Direction of Visible Trade - Exports



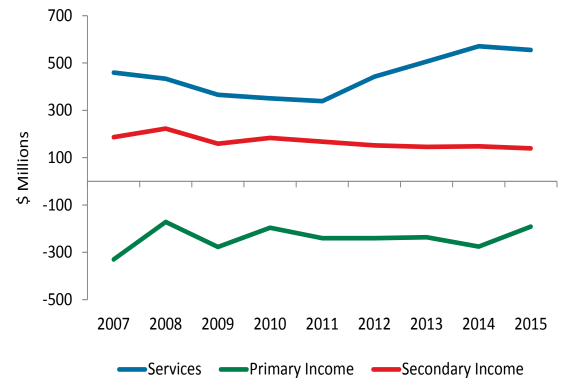
Source: SIB

Chart 6.7: Direction of Visible Trade - Imports



Source: SIB

Chart 6.9: Net Balances of Service and Income Accounts



consequently slid for the second consecutive year to 10.1%. Mexico's share was relatively stable at 10.6%, being closely linked to the movements in electricity purchases. Imports from the Netherlands Antilles actually reflect fuel purchases from the Venezuelan owned refinery that is located there, and the steep fall in international fuel prices therefore led to a decline in its share from 12.4% to 8.8%.

.

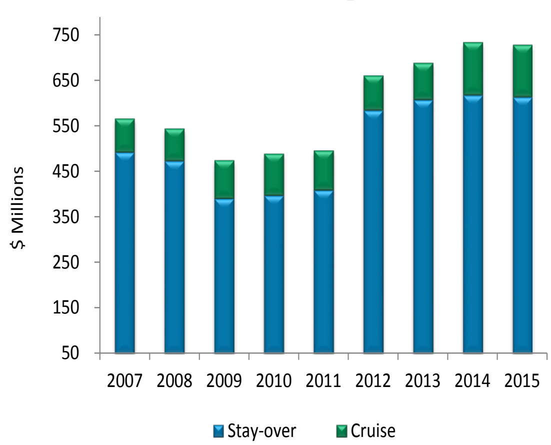
Services

Net earnings from services dipped by 2.9% to $554.8mn due to lower receipts from tourism and higher outflows on transportation. Although stay-over visitor arrivals rose by 5.9%, their average expenditure was 0.7% lower and this resulted in net travel receipts shrinking by $19.0mn to $648.5mn. A 1.0% decline in cruise ship disembarkations also yielded a similar reduction in total expenditure by this category of tourists. Meanwhile, international freight charges increased by $5.0mn to $90.1mn in line with the rise in imports, while net outflows for all other services remained relatively stable.

Primary Income

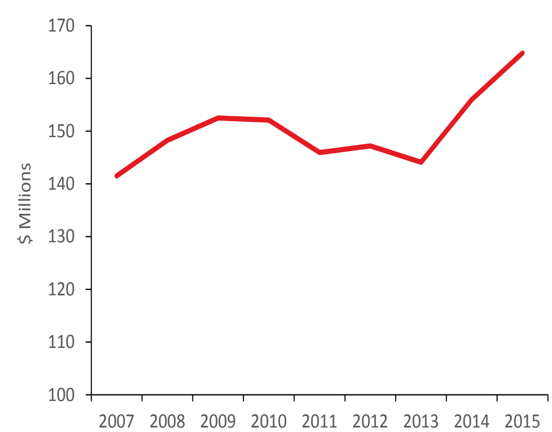
Reduced outflows in the form of profit repatriation by foreign owners of local businesses largely accounted for an $84.7mn decline in net outflows

Chart 6.8: Tourism Expenditure



Sources: BTB and SIB

Chart 6.10: Remittance Inflows



from the primary income account to $190.9mn. Profit repatriation from the electricity, petroleum and tourism companies accounted for 35.2% of all outflows.

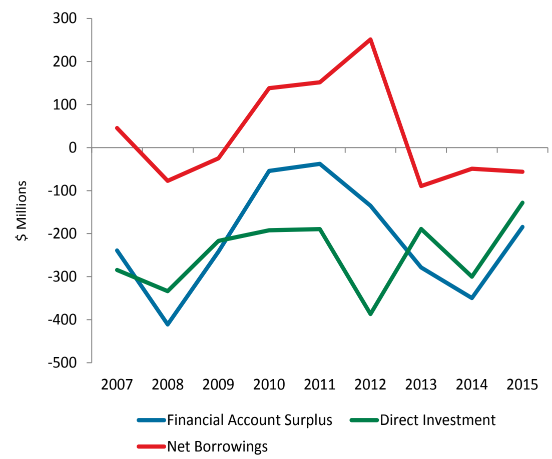
Secondary Income

Hindrances to the inward flow of remittances became an issue in the last quarter of the year due to the derisking measures undertaken by international correspondent banks. This factored into a 7.0% decline in net receipts of private remittances. Funds received by religious organizations, non-profit entities and credit unions were also slightly lower in 2015 and the surplus on the secondary income account consequently fell by $8.6mn to $139.4mn.

Capital and Financial Accounts

Grants from foreign donors were significantly lower in 2015 and this caused the surplus on the capital account to decrease from $87.9mn in 2014 to $17.2mn. Concurrently, net inflows on the financial account plummeted from $349.5mn to $184.5mn as a result of reduced net foreign direct investment (FDI) inflows, larger loan repayments by the Government and an increase in deposits held abroad by the domestic banks. Net FDI inflows more than halved to $128.3mn after compensation payments amounting to $135.3mn were made to the previous owners of BTL and BEL. Government loan repayments more than doubled due primarily to the settlement of a loan for $97.1mn from BCB to BTL that had been the subject of a legal dispute. On the other hand, disbursements increased by only 6.7%, as increased disbursements from the Republic of China/Taiwan (ROC/Taiwan), the CDB and the IDB more than compensated for a 26.6% decline in proceeds from the VPCA.

Chart 6.11: Main Components of the Financial Account



Statistical Appendix

Table A.1: Major Economic Indicators

	2008	2009	2010	2011	2012	2013	2014[R]	2015[P]
POPULATION AND EMPLOYMENT								
Population (Thousands)	321.7	333.2	323.0	332.7	338.9	347.8	356.9	366.3
Employed Labour Force (Thousands)	114.5	120.5	100.7	n.a.	126.7	131.4	134.6	138.1
Unemployment Rate as at April (%)	8.2	13.1	23.3	n.a.	14.4	11.7	11.1	10.1
INCOME								
GDP at Current Market Prices ($mn)	2,737.3	2,673.9	2,794.2	2,973.4	3,147.2	3,251.7	3,435.7	3,441.5
Per Capita GDP ($, Current Market Prices)	8,509.8	8,025.0	8,651.6	8,939.0	9,287.1	9,339.7	9,625.4	9,395.3
Per Capita GDP (%)	2.1	-5.7	7.8	3.3	3.9	0.6	3.1	-2.4
Real GDP Growth (%)	3.2	0.8	3.3	2.1	3.7	1.3	4.1	1.0
Sectoral Distribution of Constant 2000 GDP (%)								
Primary Activities	13.8	13.9	14.4	13.5	13.9	14.5	14.2	12.3
Secondary Activities	18.3	21.3	19.7	18.8	17.2	15.5	14.9	14.9
Services	59.5	59.8	60.4	60.3	60.3	60.2	60.1	61.3
MONEY AND PRICES ($mn)								
Inflation (Annual average percentage change)	6.4	-1.1	0.9	1.7	1.3	0.5	1.2	-0.9
Currency and Demand deposits (M1)	706.2	713.3	707.9	839.3	1,102.9	1,121.9	1,313.9	1,528.5
Quasi-Money (Savings and Time deposits)	1,260.4	1,379.9	1,377.0	1,361.9	1,340.7	1,354.7	1,358.3	1,345.6
Annual Change of Money Supply (%)	13.3	6.4	-0.4	5.6	11.0	1.4	7.9	7.6
Ratio of M2 to GDP (%)	71.8	78.3	74.6	74.0	77.6	76.2	77.8	83.5
CREDIT ($mn)								
Domestic Bank's Loans and Advances	1,742.4	1,805.4	1,762.0	1,756.5	1,802.6	1854.3	1,933.0	1,985.7
Public Sector	19.1	10.2	8.9	8.8	16.6	23.8	17.5	11.3
Private Sector	1,723.2	1,795.3	1,753.1	1,747.7	1,786.0	1,830.5	1,915.5	1,974.4
INTEREST RATE (%)								
Weighted Average Lending Rate	14.1	14.0	13.8	12.9	11.9	11.1	10.7	10.0
Weighted Average Deposit Rate	6.4	6.1	5.6	3.7	2.6	2.2	1.7	1.5
Weighted Average Interest Rate Spread	7.7	7.9	8.2	9.2	9.4	9.0	8.9	8.6
CENTRAL GOVERNMENT FINANCES ($mn)								
Current Revenue	732.3	660.3	753.8	787.0	825.6	851.6	911.7	968.6
Current Expenditure	617.9	662.1	682.7	717.4	740.8	743.6	817.6	889.9
Current Account Surplus(+)/Deficit(-)	114.5	-1.8	71.0	69.6	84.8	108.0	94.1	78.7
Capital Expenditure	141.6	113.3	133.1	121.7	161.9	178.5	281.5	391.4
Overall Surplus(+)/Deficit(-)	44.2	-76.3	-46.3	-22.9	-25.1	-37.2	-98.7	-288.7
Ratio of Budget Deficit to GDP at Market Prices (%)	1.6	-2.9	-1.7	-0.8	-0.8	-1.1	-2.9	-8.4
Domestic Financing (Net)[(1)]	-23.3	20.1	45.7	13.1	16.6	-148.0	-10.2	184.1
External Financing (Net)	-3.3	63.1	7.1	17.8	15.5	183.9	104.1	100.2

Table A.1: Major Economic Indicators continued

	2008	2009	2010	2011	2012	2013	2014[R]	2015[P]
BALANCE OF PAYMENTS (US $mn)								
Merchandise Exports (FOB)[(2)]	480.1	383.1	478.2	603.6	621.6	608.1	589.2	537.9
Merchandise Imports (FOB)	788.2	620.1	653.0	774.6	818.1	888.6	938.7	961.3
Trade Balance	-308.1	-237.0	-174.8	-170.9	-196.5	-280.5	-349.6	-423.4
Remittances (Inflows)	74.1	76.2	76.1	73.0	73.6	72.0	78.0	82.4
Tourism (inflows)	272.6	237.8	244.9	242.4	292.4	344.4	367.1	364.3
Services (Net)	216.9	182.7	174.9	167.8	221.6	253.0	285.6	277.4
Current Account Balance	-144.8	-65.6	-46.5	-16.6	-19.3	-72.6	-127.8	-171.7
Capital and Financial Flows	214.5	139.4	32.8	49.8	90.1	174.0	218.7	100.8
Gross Change in Official International Reserves	57.9	47.3	4.3	26.1	52.8	113.8	81.8	-50.1
Gross Official International Reserves[(3)]	166.4	213.7	218.0	236.1	291.5	405.1	486.8	436.7
Monthly Import Coverage	2.3	3.7	3.7	3.3	3.9	5.0	5.7	5.0
PUBLIC SECTOR DEBT								
Disbursed Outstanding External Debt (US $mn)	957.8	1,017.0	1,012.7	1,022.2	1,014.2	1,082.7	1,125.9	1,175.8
Ratio of Outstanding Debt to GDP at Market Prices (%)	70.0	76.1	72.5	68.8	64.5	66.6	65.5	68.3
External Debt Service Payments (US $mn)[(4)]	96.9	81.2	76.6	81.4	80.1	80.8	76.3	125.0
External Debt Service Ratio (%)[(5)]	11.2	11.2	9.4	8.6	7.7	5.9	7.1	11.7
Disbursed Outstanding Domestic Debt ($mn)	332.8	320.2	367.8	381.2	389.9	386.0	376.1	494.4
Domestic Debt Service Payments ($mn)[(6)]	47.7	39.1	40.1	20.5	20.3	20.0	17.0	27.4

Sources: MOF, SIB and CBB

(1) Includes proceeds from the sale of BTL shares of $47.5 mn (2010) that make up part of domestic sources. A total of $135.3mn (2015) was deducted as payment for the acquisition of shares in the utility companies

(2) Includes CFZ gross sales.

(3) Starting in 2005, these numbers have been revised to reflect only usuable reserves as defined by BPM5.

(4) Reflects actual 2013 debt service payment which excludes the $107.9mn haircut on the restructured bond due 2038.

(5) Excludes refinancing of US$99.2mn (2002), US$50.2mn (2003), US$95.4mn (2004), US$136.7mn (2005) and the restructuring amount of US$541.9mn in 2007.

(6) The 2007 Debt Servicing excludes $6.7mn that was owed to DFC and taken over by BSSB.

P - Provisional

R - Revised

n.a. not available

Table A.2: List of Licensed Banks

Domestic Banks	International Banks
Atlantic Bank Limited	Atlantic International Bank Limited
Belize Bank Limited	Belize Bank International Limited
FirstCaribbean International Bank (Barbados) Limited	Caye International Bank Limited
Heritage Bank Limited	Choice Bank Limited
National Bank of Belize Limited	Heritage International Bank & Trust Limited
Scotiabank (Belize) Limited	

Table A.3: List of Credit Unions

Belize Credit Union League	Holy Redeemer Credit Union Ltd.*	St. John's Credit Union Ltd.*
Blue Creek Credit Union Ltd.*	La Inmaculada Credit Union Ltd.*	St. Martin's Credit Union Ltd.
Civil Service Credit Union Ltd.	Mount Carmel Credit Union Ltd.	Toledo Teachers Credit Union Ltd.
Evangel Credit Union Ltd.	St. Francis Xavier Credit Union Ltd.*	

* These credit unions represent the five largest credit unions.

Table A.4: Capital for Five Largest Credit Unions

CAPITAL ADEQUACY	Dec 2011	Dec 2012	Dec 2013	Dec 2014	Dec 2015
Total Capital/Deposits (%)	23.5	23.1	23.1	20.9	20.3
Total Capital/Total Assets (%)	19.0	18.7	18.6	17.1	16.8
Net Institutional Capital/Total Assets (%)	10.6	11.1	8.9	10.3	10.8
Total Capital ($mn)	106.2	115.8	127.0	124.7	132.2

Table A.5: Central Bank Dealings in Foreign Exchange 2015

$mn

	US $, Canadian $, and UK £			CARICOM Currencies		
Month	**Purchases**	**Sales**	**Net**	**Purchases**	**Sales**	**Net**
January	11.70	19.40	-7.70	0.01	0.05	-0.04
February	48.20	39.30	8.90	0.00	0.57	-0.57
March	26.30	10.70	15.60	0.00	0.34	-0.34
April	19.50	16.10	3.40	0.00	0.00	0.00
May	44.10	10.60	33.50	0.00	0.01	-0.01
June	68.20	16.20	52.00	0.00	0.07	-0.07
July	48.60	41.30	7.30	0.00	0.09	-0.09
August	34.70	42.20	-7.50	0.00	0.00	0.02
September	41.50	243.10	-201.60	0.24	0.89	-0.65
October	23.50	20.00	3.50	0.00	0.06	-0.06
November	25.40	41.70	-16.30	0.00	0.03	-0.03
December	63.50	52.90	10.60	0.00	0.21	-0.21
Total	455.20	553.50	-98.30	0.27	2.32	-2.05

Table A.6: External Asset Ratio 2015

Month	**Foreign Asset ($mn)**	**Domestic Liabilities ($mn)**	**External Asset Ratio (%)**
January	955.31	1,088.37	87.77
February	964.90	1,114.27	86.59
March	979.07	1,105.44	88.57
April	983.71	1,088.61	90.36
May	1,016.48	1,119.57	90.79
June	1,069.30	1,191.56	89.74
July	1,076.04	1,215.19	88.55
August	1,068.23	1,217.74	87.72
September	866.89	1,051.08	82.48
October	870.30	1,051.11	82.80
November	852.75	1,029.82	82.81
December	864.39	1,063.12	81.31

Table A.7: Domestic Bank Balances with the Central Bank 2015

$mn

Month	Average Deposit Liability	Required Cash Reserve	Actual Cash Holdings	Excess/ (Deficit)
January	2,473.6	210.3	535.9	325.6
February	2,473.9	211.1	557.7	346.6
March	2,484.2	211.0	572.5	361.5
April	2,528.9	215.0	564.5	349.5
May	2,560.1	217.6	560.8	343.2
June	2,572.4	218.7	589.0	370.3
July	2,588.5	220.0	605.6	385.6
August	3,375.8	220.8	629.3	408.5
September	2,597.6	220.8	638.1	417.3
October	2,584.1	219.7	645.9	426.2
November	2,562.0	217.8	667.1	449.3
December	2,582.5	219.5	665.2	445.7

Table A.8: Currency in Circulation 2015

$mn

Month	Notes	Coins	Total	Domestic Bank Vault Cash	Currency with the Public
January	245.9	25.5	271.4	41.9	229.4
February	248.3	25.5	273.8	38.2	235.7
March	259.3	25.8	285.1	48.3	236.8
April	257.6	25.9	283.5	41.3	242.2
May	262.5	26.0	288.6	43.5	245.0
June	261.1	26.2	287.3	41.3	246.0
July	264.9	26.3	291.2	41.8	249.4
August	274.1	26.5	300.5	43.1	257.4
September	276.0	26.6	302.6	47.3	255.3
October	285.7	26.7	312.4	39.5	272.9
November	296.0	26.8	322.8	43.3	279.4
December	317.9	27.2	345.1	53.9	291.2

Table A.9: Inter-Bank Market Activity 2015

$mn

Month	Amount Offered ($mn)	Amount Borrowed ($mn)	Interest Rates
January	0.0	0.0	0.00%
February	0.0	0.0	0.00%
March	0.0	0.0	0.00%
April	0.0	0.0	0.00%
May	0.0	0.0	0.00%
June	0.0	0.0	0.00%
July	0.0	0.0	0.00%
August	0.0	0.0	0.00%
September	32.0	32.0	2.63%
October	25.0	15.0	2.50%
November	0.0	0.0	0.00%
December	10.0	10.0	2.25%
Total	67.0	57.0	

Table A.10: Central Bank Credit to Central Government 2015

Month	Treasury Bills ($mn)	Treasury Notes ($mn)	Treasury Bonds ($mn)	Overdraft Facility[1] ($mn)	A	B
January	1.1	86.6	10.0	46.7	3.12	5.37
February	13.9	116.4	10.0	32.9	4.49	3.78
March	0.0	115.2	10.0	51.2	4.01	5.88
April	3.0	111.5	10.0	27.5	3.98	2.87
May	0.0	111.5	10.0	24.8	3.90	2.60
June	0.0	111.5	10.0	24.1	3.89	2.52
July	0.0	111.5	10.0	42.8	3.89	4.48
August	0.0	111.5	10.0	58.0	3.89	6.06
September	0.0	139.0	4.3	24.1	4.58	2.52
October	0.0	160.0	0.0	62.5	5.12	6.54
November	0.0	158.5	0.0	65.6	5.07	6.86
December	16.9	161.3	0.0	60.1	5.70	6.29

(1) Overdraft facility represents monthly averages rather than end of month position.

A: Central Bank holdings of Government securities as a multiple of Central Bank's paid up capital and reserves.

B: Advances to Government as a percentage of Government's estimated recurrent revenues for the previous fiscal year.

Table A.11: Key Indicators for Advanced, Emerging and Developing Economies

Country	GDP Growth Rate(%)		Inflation Rate (%)		Unemployment Rate (%)	
	2014	2015	2014	2015	2014	2015
Advanced Economies	1.8	2.0	1.4	0.3	n.a.	n.a.
United States	2.4	2.4	0.8	0.7	6.2	5.3
Euro Area	0.9	1.6	0.4	0.2	11.6	11.0
United Kingdom	2.9	2.2	1.5	0.1	6.2	5.6
Canada	2.4	1.0	1.9	1.0	6.9	6.8
Japan	-0.1	0.6	2.7	0.7	3.6	3.5
Emerging and Developing Economies	4.6	4.0	5.1	5.6	n.a.	n.a.
China	7.3	6.9	2.0	1.5	4.1	4.1
India	7.3	7.6	5.9	5.4	7.3	8.2
Mexico	2.3	2.5	4.0	2.8	4.8	4.3
Brazil	0.1	-3.8	6.3	8.9	4.8	6.6

Source: IMF, World Bank, Bureau of Economic Analysis (US), European Union Central Bank, Office of National Statistics (UK), Central Bank of India, People's Bank of China

n.a. - not available

Table A.12: Key Indicators for Central America

Country	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)		International Reserves (US $bn)	
	2014	2015	2014	2015	2014	2015	2014	2015
Guatemala	4.2	3.9	3.0	3.1	2.9	2.4	7.3	7.8
Honduras	3.1	3.5	5.8	2.4	4.5	4.5	3.5	3.8
El Salvador	1.7	2.5	0.5	1.0	5.5	5.4	2.7	2.7
Nicaragua	4.7	4.3	6.5	3.1	6.8	6.8	2.3	2.5
Costa Rica	3.5	2.8	5.1	-0.8	9.6	9.2	7.2	7.8
Panama	6.1	5.8	2.6	0.3	4.8	5.1	4.0	3.7

Sources: IMF, Central Banks of Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica, and Statistical Institutes of Panama and Guatemala

Table A.13: Key Indicators for Selected Caribbean Countries

Country	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)		International Reserves (US $mn)		Fiscal Balance (% of GDP)	
	2014	2015	2014	2015	2014	2015	2014	2015[1]	2014	2015
Bahamas	1.0	1.5	2.0	1.5	16.4	12.0	787	827	-5.4	-3.8
Barbados	0.2	0.5	1.9	1.2	12.7	11.9	467	458	-6.9	-5.9
Belize	4.1	1.0	1.2	-0.9	11.1	10.1	482	433	-2.8	-3.1
ECCU	3.8	1.9	-0.9	1.0	n.a.	n.a.	n.a.	n.a.	-4.5	n.a
Guyana	3.8	2.0	1.2	0.5	11.0	11.0	666	611	-4.9	-4.6
Jamaica	0.7	1.0	6.4	3.7	15.3	13.1	2,473	2,895[2]	-0.5	0.3
Suriname	1.8	1.5	3.9	5.2	8.9	9.5	625	398	-5.1	-9.1
Trinidad and Tobago	-1.0	-2.1	5.7	4.7	3.3	3.4	11,317	9,788	-2.6	-4.2

Sources: ECLAC, Central Banks of Belize, Trinidad and Tobago and Surinam, and IADB
[1] As of September
[2] As of December
n.a. - not available

Table A.14: GDP by Activity at Current and Constant 2000 Prices

$mn

	2010	2011	2012	2013	2014	2015
GDP at Current Market Prices	2,794.2	2,973.4	3,147.2	3,251.7	3,435.7	3,441.5
GDP at constant 2000 Market Prices	2,450.9	2,502.4	2,596.0	2,630.1	2,737.5	2,765.9
Primary Industries	341.7	326.8	349.1	368.7	378.3	328.6
Agriculture, Hunting and Forestry	237.9	226.6	249.8	246.6	249.4	238.2
Fishing	103.7	100.2	99.3	122.2	128.9	90.4
Secondary Industries	495.3	482.1	458.2	419.4	419.1	422.4
Manufacturing (including Mining and Quarrying)	310.8	303.5	282.5	229.5	211.5	208.2
Electricity and Water	130.9	126.5	115.8	127.4	132.2	139.3
Construction	53.5	52.1	60.0	62.5	75.4	75.0
Tertiary Industries	1,313.4	1,356.0	1,421.9	1,441.5	1,503.7	1,554.1
Wholesale and Retail Trade	355.2	378.3	399.8	422.3	432.8	446.0
Hotels and Restaurants	81.0	82.4	91.5	99.4	109.2	111.7
Transport and Communications	256.7	260.2	273.4	280.5	284.6	293.1
Other Private Services excluding Financial Services Indirectly Measured	397.9	414.5	422.6	411.0	427.8	425.2
Producers of Government Services	222.5	220.5	234.6	228.3	249.3	278.0
All Industries at basic prices	2,150.3	2,164.9	2,229.3	2,229.7	2,301.1	2,305.1
Taxes Less Subsidies on Products	300.6	337.5	366.8	400.5	436.4	460.8

Source: SIB

Table A.15: Annual Percentage Change in GDP by Activity at Current and Constant 2000 Prices

Percentage

	2010	2011	2012	2013	2014	2015
GDP at Current Market Prices	4.5	6.4	5.8	3.3	5.7	0.2
GDP at constant 2000 Market Prices	3.3	2.1	3.7	1.3	4.1	1.0
Primary Industries	6.9	-4.3	6.8	5.6	2.6	-13.1
Agriculture, Hunting and Forestry	13.2	-4.8	10.3	-1.3	1.1	-4.5
Fishing	-5.3	-3.4	-1.0	23.0	5.6	-29.9
Secondary Industries	-4.1	-2.7	-4.9	-8.5	-0.1	0.8
Manufacturing (including Mining and Quarrying)	-7.8	-2.4	-6.9	-18.8	-7.8	-1.6
Electricity and Water	21.0	-3.4	-8.5	10.1	3.8	5.4
Construction	-24.7	-2.6	15.1	4.2	20.6	-0.5
Tertiary Industries	3.7	3.2	4.9	1.4	4.3	3.4
Wholesale and Retail Trade	10.6	6.5	5.7	5.6	2.5	3.0
Hotels and Restaurants	3.8	1.7	11.0	8.7	9.9	2.3
Transport and Communications	4.8	1.4	5.1	2.6	1.4	3.0
Other Private Services excluding Financial Services Indirectly Measured	-0.8	4.2	1.9	-2.8	4.1	-0.6
Producers of Government Services	0.6	-0.9	6.4	-2.7	9.2	11.5
All Industries at Basic Prices	2.3	0.7	3.0	0.0	3.2	0.2
Taxes Less Subsidies on Products	11.5	12.3	8.7	9.2	9.0	5.6

Source: SIB

Table A.16: Sugar Cane Deliveries

	2012/2013	2013/2014	2014/2015
Deliveries to BSI (long tons)	1,078,019	1,194,932	1,167,427

Source: BSI

Table A.17: Citrus Fruit Deliveries

	2012/2013	2013/2014	2014/2015
Deliveries ('000 boxes)	4,730	4,735	4,686
Oranges	4,052	4,159	3,964
Grapefruits	678	576	722

Source: CGA

Table A.18: Production of Sugar and Molasses

	2012/2013	2013/2014	2014/2015
Sugar Processed (long tons)	118,339	121,137	140,051
Molasses Processed (long tons)	34,508	42,839	37,567
Performance			
Factory Time Efficiency	94.06	95.24	97.92
Cane Purity (%)	86.04	84.79	87.88
Cane/Sugar Ratio	9.11	9.86	8.35

Source: BSI

Table A.19: Production of Citrus Juices and Pulp

	2012/2013	2013/2014	2014/2015
Production (‘000 ps)	28,326	27,636	28,465
Orange Concentrate	25,304	25,060	25,274
Grapefruit Concentrate	2,750	2,315	3,054
Not-from-concentrate	273	260	136
Production (‘000 pounds)			
Pulp	2,275	2,420	2,864
Citrus Oil	1,593	1,660	1,502

Source: CPBL

Table A.20: Labour Force Statistics

Indicators	Apr 2013	Sept 2013	Apr 2014	Sept 2014	Apr 2015	Sept 2015
Labour Force	148,755	149,355	151,317	153,000	153,689	156,383
Employed Population	131,380	128,134	134,587	134,521	138,145	140,475
Unemployed Population	17,375	21,221	16,730	18,479	15,544	15,907
Unemployment Rate (%)	11.7	14.2	11.1	12.1	10.1	10.2
Labour Force Participation Rate (%)	64.2	63.8	63.8	64.3	63.5	63.4

Source: SIB

Table A.21: Tourist Arrivals and Expenditure

	2012	2013	2014	2015
Stayover Arrivals				
Air	212,514	224,146	239,683	255,748
Land	36,327	39,141	49,207	51,601
Sea	8,450	8,968	8,534	7,529
Total Stayovers	257,291	272,255	297,424	314,878
Cruise Ship Disembarkations(1)	576,661	609,612	871,318	862,178
Tourist Expenditure ($mn)	584.7	688.9	734.2	728.6

Sources: BTB, CBB and Immigration Department
(1) Tourists disembarking from the ships.

Table A.22: Annual Percentage Change in CPI Components by Major Commodity Group

Major Commodity	Weights	Average Annual Index 2013	2014	2015	Average Annual Change
Food and Non-Alcoholic Beverages	195.0	106.0	106.9	106.5	-0.4
Alcoholic Beverages and Tobacco	16.6	100.1	100.4	99.9	-0.4
Clothing and Footware	82.9	96.3	96.5	96.3	-0.2
Housing, Water, Electricty, Gas, and Other Fuels	264.8	100.9	102.5	102.4	-0.1
Furnishing, Household Equipment and Routine Household Maintenance	69.3	99.7	100.5	101.7	1.2
Health	41.4	107.1	108.6	111.2	2.4
Transport	135.7	106.8	108.3	100.2	-7.5
Communication	33.5	97.5	98.4	98.0	-0.4
Recreation and Culture	69.4	103.4	105.5	106.3	0.8
Education	32.5	100.6	101.5	102.6	1.1
Restaurants and Hotels	7.0	103.6	107.8	108.5	0.6
Miscellaneous Goods and Services	52.0	99.9	101.5	103.5	2.0
All Items	1,000	102.5	103.7	102.8	-0.9

Source: SIB

Table A.23: Central Government - Revenue and Expenditure

$'000

	Fiscal Year 2014/2015	Estimated Budget 2015/2016	Jan-Dec 2013	Jan-Dec 2014	Jan-Dec 2015
TOTAL REVENUE AND GRANTS (1+2+3)	1,005,650	980,258	884,941	1,000,384	992,575
1). Current Revenue	960,856	934,879	851,580	911,688	968,617
Tax Revenue	849,419	818,116	748,628	798,695	859,791
Income and Profits	273,830	261,861	247,717	261,992	249,688
Taxes on Property	5,532	5,337	6,177	5,314	5,276
Taxes on Goods and Services	345,572	339,106	303,840	330,266	348,234
International Trade and Transactions	224,485	211,813	190,893	201,123	256,593
Non-Tax Revenue	111,437	116,763	102,952	112,993	108,827
Property Income(1)	17,339	19,546	28,861	17,020	33,858
Licenses	12,240	12,279	12,197	12,083	13,374
Transfers from Government Departments	26,564	31,958	25,796	29,945	25,135
Repayment of Old Loans	1,039	8,110	3,183	1,111	767
Rent and Royalties(2)	54,255	44,869	32,916	52,834	35,692
2). Capital Revenue	5,627	4,810	5,680	5,557	6,773
3). Grants	39,167	40,569	27,681	83,139	17,185
TOTAL EXPENDITURE (1+2)	1,135,760	1,068,266	922,113	1,099,118	1,281,323
1). Current Expenditure	839,324	873,517	743,623	817,570	889,877
Wages and Salaries	338,097	367,781	299,150	329,884	372,050
Pensions	64,411	59,667	53,774	61,480	73,524
Goods and Services	198,534	211,504	197,387	188,028	200,639
Interest Payments	87,485	90,289	58,410	87,355	88,965
Subsidies and Current Transfers	150,797	144,276	134,901	150,823	154,699
2). Capital Expenditure	296,436	194,749	178,490	281,548	391,445
Capital II (Local Sources)	118,829	97,785	84,698	118,900	112,951
Capital III (Foreign Sources)	169,815	94,368	90,705	154,727	188,900
Capital Transfer and Net Lending	2,792	2,596	3,087	2,920	89,594
Unidentified Expenditure (3)	5,000	0	0	5,000	0
CURRENT BALANCE	121,532	61,362	107,958	94,118	78,740
OVERALL BALANCE	-130,110	-88,008	-37,172	-98,734	-288,748
PRIMARY BALANCE	-42,625	2,281	21,239	-11,379	-199,783
OVERALL BALANCE WITHOUT GRANTS	-169,277	-128,577	-64,853	-181,873	-305,933
PRIMARY BALANCE WITHOUT GRANTS	-81,792	-38,288	-6,442	-94,518	-216,968

Table A.23: Central Government - Revenue and Expenditure continued

$'000

	Fiscal Year 2014/2015	Estimated Budget 2015/2016	Jan-Dec 2013	Jan-Dec 2014	Jan-Dec 2015
FINANCING	130,110	88,008	37,172	98,734	288,748
Nationalization	0	0	0	0	-135,309
Domestic Financing	29,794		-147,986	-10,190	319,406
Central Bank	12,047		-144,345	-8,071	311,081
Net Borrowing	20,646		-596	-9,301	101,532
Change in Deposits	-8,600		-143,750	1,231	209,549
Commercial Banks	-1,528		-9,239	-5,408	-17,774
Net Borrowing	-5,487		-8,791	-3,706	-13,780
Change in Deposits	3,959		-448	-1,702	-3,994
Other Domestic Financing	19,276		5,599	3,289	26,100
Financing Abroad	105,857		183,935	104,067	100,185
Disbursements	173,745		329,041	171,552	174,455
Amortization	-67,889		-171,450	-67,485	-74,270
Net Reduction	0		26,344	0	0
Other	-5,541		1,222	4,857	4,465

Sources: CBB and MOF

(1) Includes $14.7mn (2011), $18.0mn (2012) $13.5mn (2013), $4.7mn (2014), and $2.0mn (2015) as working interest from BNE.

(2) Rent and royalties included $15.9mn (2012), $12.0mn (2013) $13.6mn (2014) and $10.5mn (2015) from BNE.

(3) Estimates

Table A.24: Central Government - Domestic Debt 2015[1]

$'000

	Disbursed Outstanding Debt 31/12/14[R]	*TRANSACTIONS THROUGH DECEMBER 2015*				Disbursed Outstanding Debt 31/12/15[P]
		Disbursement/ New Issue of Securities	*Amortization/ Reduction in Securities*	*Interest*	*Net Change in Overdraft/ Securities*	
Overdraft/Loans	47,605	0	0	4,383	16,154	63,759
Central Bank	47,605	0	0	4,383	16,154	63,759
Domestic Banks	0	0	0	0	0	0
Treasury Bills	175,000	25,000	0	163	0	200,000
Central Bank	0	25,000	0	8	-4	24,996
Domestic Banks	162,844	0	0	142	-12,862	149,982
Other	12,156	0	0	13	12,866	25,022
Treasury Notes	136,500	88,500	0	9,727	0	225,000
Central Bank	86,645	78,500	0	6,197	-8,119	157,026
Domestic Banks	0	0	0	3	0	0
Other	49,855	10,000	0	3,527	8,119	67,974
Defence Bonds	10,000	0	10,000	800	0	0
Central Bank	10,000	0	10,000	800	0	0
Domestic Banks	0	0	0	0	0	0
Other	0	0	0	0	0	0
Atlantic Bank Limited	577	0	335	38	0	241
Heritage Bank Limited	2,958	0	584	269	0	2,374
Belize Social Security Board	623	0	228	40	0	395
Fort Street Tourism Village	334	640	619	0	0	355
Debt for Nature Swap	2,488	0	168	70	0	2,320
Total	376,084	114,140	11,934	15,489	16,154	494,445

[R] - Revised
[P] - Provisional
(1) Transactions associated with the Universal Health Services (UHS) loan with the Belize Bank Limited are not included in this table, as no action has been taken to enforce the claim.

Table A.25: Public Sector External Debt by Source

$mn

	Outstanding Debt 12/31/2014[R]	Disbursement	Amortization	Interest and Other Charges	Valuation Adjustments	Outstanding Debt 12/31/2015[P]
Bilateral	568.2	106.9	33.6	6.9	-0.7	640.8
Multilateral	630.5	75.9	45.1	15.0	3.5	657.8
Bonds	1,053.0	0	0	52.7	0	1,053.0
Commercial Banks	0	97.1	97.1	0	0	0
Total	2,251.8	279.9	175.8	74.6	-4.2	2,351.6

[R] - Revised

[P] - Provisional

Table A.26: Public Sector - External Debt 2015

$'000

	Disbursed Outstanding Debt 31/12/14[R]	TRANSACTIONS THROUGH DECEMBER 2015 Disbursements	*Principal Payments*	*Interest and Other Payments*	*Parity Change*	Disbursed Outstanding Debt 31/12/15[P]
CENTRAL GOVERNMENT	2,172,603	174,455	74,270	73,843	-1,919	2,270,870
Banco Nacional de Comercio Exterior	529	0	529	16	0	0
Government of Venezuela	291,537	84,978	3,245	756	0	373,269
Kuwait Fund for Arab Economic Development	20,375	932	2,898	1,180	-699	17,710
Republic of China	254,441	21,000	26,291	4,933	0	249,150
Caribbean Development Bank	213,242	28,973	15,014	6,671	0	227,202
Caricom Development Fund	3,350	0	952	178	0	2,398
European Economic Community	10,772	0	789	73	-1,089	8,893
Inter-American Development Bank	238,867	17,752	17,594	3,583	0	239,026
International Fund for Agriculture Development	2,956	360	501	36	-131	2,685
International Bank for Reconstruction and Development	25,098	2,997	2,804	692	0	25,290
Opec Fund for International Development	42,627	8,592	3,294	1,922	0	47,925
Central American Bank for Economic Integration	15,803	8,871	357	1,151	0	24,317
Bank of New York	1,053,004	0	0	52,650	0	1,053,004
NON-FINANCIAL PUBLIC SECTOR	19,843	97,427	100,728	566	-43	16,499
Kuwait Fund for Arab Economic Development	1,365	0	664	42	-43	658
Caribbean Development Bank[(1) (2)]	18,478	337	2,974	524	0	15,841
British Caribbean Bank[(4)]	0	97,090	97,090	0	0	0
FINANCIAL PUBLIC SECTOR	59,319	8,000	833	167	-2,278	64,209
Caribbean Development Bank	7,267	8,000	800	165	0	14,466
European Economic Community	202	0	33	2	-20	149
International Monetary Fund[(3)]	51,851	0	0	0	-2,258	49,593
GRAND TOTAL	2,251,765	279,882	175,831	74,575	-4,239	2,351,578

[R] - Revised
[P] - Provisional
(1) Effective 21 June 2011, the nationalization of Belize Electricity Limited caused an increase ($23.1mn) in debt, which was matched by Government's acquisition of assets of equal value.
(2) Effective 3 October 2005, loans to BWSL were reclassified as public sector debt as a result of Government of Belize's repurchase of the company.
(3) International Monetary Fund Special Drawing Rights allocation is included as part of the financial public sector external debt obligation.
(4) Compensation payment, by Government, for a loan extended to BTL by British Caribbean Bank Limited that was recognised and settled in September 2015.

Table A.27: Determinants of Money Supply[1]

$mn

	Position as at			Changes During 2015
	Dec 2013	Dec 2014	Dec 2015	
Net Foreign Assets	1,087.8	1,230.0	1,149.1	-80.9
Central Bank	820.8	982.0	874.8	-107.2
Domestic Banks	267.0	248.0	274.3	26.3
Net Domestic Credit	1,872.1	1,939.4	2,286.3	346.9
Central Government (Net)	16.5	3.0	296.4	293.4
Other Public Sector	20.9	16.0	10.7	-5.3
Private Sector	1,834.7	1,920.4	1,979.2	58.8
Central Bank Foreign Liabilities (Long-Term)	56.9	51.9	49.6	-2.3
Other Items (Net)	426.4	445.3	511.7	66.4
Money Supply (M2)	2,476.6	2,672.2	2,874.1	201.9

[1] Transactions associated with the Universal Health Services (UHS) loan with the Belize Bank Limited are not included in this table, as no action has been taken to enforce the claim.

Table A.28: Money Supply

$mn

	Position as at			Changes During 2015
	Dec 2013	Dec 2014	Dec 2015	
Money Supply (M2)	2,476.6	2,672.2	2,874.1	201.9
Money Supply (M1)	1,121.9	1,313.9	1,528.5	214.6
Currency with the Public	211.7	237.4	291.2	53.8
Demand Deposits	751.5	920.4	1,072.6	152.2
Savings/Chequing Deposits	158.7	156.1	164.7	8.6
Quasi-Money	1,354.7	1,358.3	1,345.6	-12.7
Savings Deposits	410.8	445.2	470.9	25.7
Time Deposits	943.9	913.1	874.7	-38.4

Table A.29: Net Foreign Assets of the Banking System

$mn

	Position as at			Changes During 2015
	Dec 2013	Dec 2014	Dec 2015	
Net Foreign Assets	1,087.8	1,230.0	1,149.1	-80.9
Central Bank	820.8	982.0	874.8	-107.2
Foreign Assets	822.1	983.3	882.5	-100.8
Foreign Liabilities (Demand)	1.3	1.3	7.7	6.4
Domestic Banks	267.0	248.0	274.3	26.3
Foreign Assets	294.3	283.8	308.4	24.6
Foreign Liabilities (Short-Term)	27.3	35.8	34.1	-1.7

Table A.30: Net Domestic Credit of the Banking System

$mn

	Position as at			Changes During 2015
	Dec 2013	Dec 2014	Dec 2015	
Total Credit to Central Government	323.6	310.5	398.4	87.9
From Central Bank	153.5	144.2	245.8	101.6
From Domestic Banks	170.1	166.3	152.6	-13.7
Less Central Government Deposits	307.1	307.5	102.0	-205.5
Net Credit to Central Government	16.5	3.0	296.4	293.4
Plus Credit to Other Public Sector	20.9	16.0	10.7	-5.3
Plus Credit to the Private Sector	1,834.7	1,920.4	1,979.2	58.8
Net Domestic Credit of the Banking System	1,872.1	1,939.4	2,286.3	346.9

Table A.31: Domestic Banks - Sectoral Composition of Loans and Advances

$mn

	Position as at			Changes During Dec 2014 to Dec 2015
	Dec 2013	Dec 2014	Dec 2015	
PRIMARY SECTOR	198.4	252.0	251.8	-0.2
Agriculture	152.5	200.9	202.7	1.8
Sugar	15.4	67.3	72.0	4.7
Citrus	23.3	15.7	14.8	-0.9
Bananas	68.7	68.8	70.9	2.1
Other	45.1	49.1	45.0	-4.1
Marine Products	24.1	28.8	30.6	1.8
Forestry	1.6	1.9	0.7	-1.2
Mining and Exploration	20.2	20.4	17.8	-2.6
SECONDARY SECTOR	561.3	570.3	629.4	59.1
Manufacturing	23.6	21.8	36.1	14.3
Building and Construction	505.9	525.1	577.8	52.7
Utilities	31.8	23.4	15.5	-7.9
TERTIARY SECTOR	654.7	668.1	674.7	6.6
Transport	39.8	43.9	48.5	4.6
Tourism	93.4	96.1	96.2	0.1
Distribution	182.0	183.7	170.3	-13.4
Real Estate	264.7	278.0	293.1	15.1
Professional Services	50.7	47.5	52.1	4.6
Other[1]	24.1	18.9	14.5	-4.4
PERSONAL LOANS	439.9	442.6	429.8	-12.8
TOTAL	1,854.3	1,933.0	1,985.7	52.7

[1] Includes government services, financial institutions and entertainment.

Table A.32: Domestic Banks - Holdings of Approved Liquid Assets

$mn

	Position as at			Changes During 2015
	Dec 2013	Dec 2014	Dec 2015	
Holdings of Approved Liquid Assets	815.3	902.9	1,047.2	144.3
Notes and Coins	74.7	71.4	77.0	5.6
Balances with Central Bank	401.1	542.4	666.9	124.5
Money at Call and Foreign Balances (due in 90 days)	159.1	110.4	144.3	33.9
Treasury bills maturing in not more than 90 days	165.6	162.8	150.0	-12.8
Other Approved Assets	14.8	15.9	9.0	-6.9
Of which: Treasury notes	0.0	0.0	0.0	0.0
Required Liquid Assets	521.7	564.2	594.0	29.8
Excess/(Deficiency) Liquid Assets	293.6	338.7	453.2	114.5
Daily Average Holdings of Cash Reserves	391.1	544.3	665.2	120.9
Required Cash Reserves	192.8	208.5	219.5	11.0
Excess/(Deficiency) Cash Reserves	198.3	335.8	445.7	109.9
Actual Securities Balances	166.0	162.9	150.0	-12.9
Excess/(Deficiency) Securities	166.0	162.9	150.0	-12.9

Table A.33: Domestic Banks - Weighted Average Interest Rates

Percentage

	Position as at			Changes During Dec 2014 to Dec 2015
	Dec 2013	Dec 2014	Dec 2015	
Weighted Lending Rates				
Personal Loans	12.34	12.44	11.60	-0.84
Commercial Loans	11.22	10.69	10.01	-0.68
Residential Construction	9.69	8.80	7.96	-0.84
Other	9.20	8.48	7.84	-0.64
Weighted Average	11.12	10.66	10.03	-0.63
Weighted Deposit Rates				
Demand	0.38	0.29	0.10	-0.19
Savings/Chequing	2.55	2.57	2.56	-0.01
Savings	2.56	2.35	2.39	0.04
Time	3.35	2.72	2.45	-0.27
Weighted Average	2.17	1.73	1.46	-0.27
Weighted Average Spread	8.95	8.93	8.57	-0.36

Table A.34: Domestic Banks - Weighted Average Interest Rates on New Loans and Deposits

Percentage

	Rolling Averages			Changes During
	Jan 2013 to Dec 2013	**Jan 2014 to Dec 2014**	**Jan 2015 to Dec 2015**	**Dec 2014 to Dec 2015**
Weighted Lending Rates				
Personal Loans	10.53	11.54	10.54	-1.00
Commercial Loans	10.24	9.91	9.87	-0.04
Residential Construction	9.22	7.13	6.78	-0.35
Other	8.30	7.66	6.69	-0.97
Weighted Average	10.01	9.89	9.60	-0.29
Weighted Deposit Rates				
Demand	0.03	0.02	0.03	0.00
Savings/Chequing	1.49	1.59	1.33	-0.26
Savings	1.74	2.07	2.10	0.03
Time	3.16	2.15	1.98	-0.17
Weighted Average	2.93	2.10	1.84	-0.25
Weighted Average Spread	7.08	7.80	7.76	-0.03

Table A.35: Balance of Payments - Merchandise Trade

$mn

	2013	2014	2015	Change
Goods Exports, FOB	1,216.1	1,178.4	1,075.8	-8.7%
Of which: Domestic Exports	644.6	612.4	509.6	-16.8%
CFZ sales	485.9	469.2	451.1	-3.9%
Other Re-exports	85.6	96.7	115.1	19.1%
Goods Imports, FOB	1,777.2	1,877.5	1,922.5	2.4%
Of which: Domestic Economy	1,469.8	1,671.6	1,629.8	-2.5%
CFZ(1)	307.4	205.8	292.7	42.2%
Merchandise Trade Balance	-561.0	-699.1	-846.7	21.1%

(1) CFZ excludes fuel and goods obtained from the free circulation area.

Table A.36: Domestic Exports

$mn

	2013	2014	2015
Traditional Exports	429.4	431.0	402.4
Sugar	107.3	118.8	134.5
Citrus Juices(1)	87.4	79.0	69.3
Citrus Concentrate	86.9	78.7	69.0
Not-from-Concentrate	0.5	0.3	0.4
Molasses(1)	5.5	6.3	7.4
Bananas	97.8	100.8	98.4
Marine(1)	110.7	112.9	80.0
Papayas	20.7	13.3	13.0
Petroleum(2)	140.2	102.3	36.4
Non-traditional Exports	75.0	79.1	70.6
Total Exports	644.6	612.4	509.6

Sources: SIB, BSI, CPBL and CBB
(1) Reflect actual sales and not export shipments as reported by SIB.
(2) Estimated FOB value of petroleum shipment.

Table A.37: Exports of Sugar and Molasses

	2013		2014		2015	
	Volume (long tons)	Value ($'000)	Volume (long tons)	Value ($'000)	Volume (long tons)	Value ($'000)
Sugar[1]	104,275	107,266	106,531	118,834	125,391	134,458
EU	103,992	106,855	103,034	115,342	97,168	103,580
US	0	0	0	0	24,563	27,125
CARICOM	0	0	2,955	2,872	3,592	3,650
Other	283	411	542	620	67	102
Molasses[2]	25,770	5,540	32,780	6,288	28,588	7,378

Sources: BSI and SIB
(1) Reflects value of export shipments.
(2) Reflects actual sales as reported by the processor.

Table A.38: Exports Sales of Citrus Juices and Pulp[1]

	2013	2014	2015
Concentrate ('000 ps)	30,235	26,416	25,126
Orange	27,528	24,549	23,347
Grapefruit	2,707	1,868	1,779
Concentrate Value ($mn)	86.9	78.7	69.0
Orange	76.6	71.1	62.0
Grapefruit	10.3	7.6	7.0
Not-from-Concentrate Exports ('000 ps)	92.9	52.2	65.2
Orange	77.3	43.7	53.0
Grapefruit	15.6	8.5	12.2
Not-from-Concentrate Value ($mn)	0.5	0.3	0.4
Orange	0.4	0.2	0.3
Grapefruit	0.1	0.1	0.1
Pulp Export ('000 pounds)	3,025	2,053	3,086
Pulp Value ($mn)	2.4	1.6	2.3

Source: CPBL
(1) Reflects actual sales as reported by the processor and not the value of export shipments as reported by the SIB. Export shipments go to inventory for sale at a later point in time.

Table A.39: Exports of Banana

	2013	2014	2015
Volume (metric tons)	98,820	102,782	98,842
Value ($mn)	97.8	100.8	98.4

Source: BGA

Table A.40: Exports of Marine Products

	2013		2014		2015	
	Volume ('000 lbs)	Value ($'000)	Volume ('000 lbs)	Value ($'000)	Volume ('000 lbs)	Value ($'000)
Lobster Tail	499.0	14,151.3	575.0	15,613.6	742.4	19,345.4
Shrimp[1]	14,597.8	84,069.9	14,319.9	88,090.5	8,099.7	51,585.6
Conch	986.8	11,290.6	758.5	8,534.2	696.9	8,024.9
Whole/Fillet Fish	513.7	1,086.4	276.7	558.2	937.8	981.2
Other	37.54	90.27	26.4	86.8	16.4	101.4
Total	16,634.8	110,688.4	15,956.5	112,883.3	10,493.3	80,038.5

Sources: CBB and SIB
[1] Reflects actual sales and not export shipments as reported by SIB.

Table A.41: Other Major Exports

	2013	2014	2015
Papayas			
Volume ('000 lbs)	56,514	34,175	30,741
Value ($mn)	20.7	13.3	13.0
Petroleum[1]			
Volume (barrels)	674,445	588,839	404,490
Value ($mn)	140.2	102.3	36.4

Source: SIB
[1] Quality differentials and international transportation cost were taken out of the CIF value as reported by the SIB to derive a FOB value.

Table A.42: Gross Imports (CIF) by Standard International Trade Classification (SITC)

$mn

SITC Category	2011	2012	2013	2014	2015
0 Food and Live Animals	166.3	193.2	202.9	225.9	222.7
1 Beverages and Tobacco	31.6	40.2	45.8	54.5	55.0
2 Crude Materials	19.7	17.1	20.6	31.2	32.1
3 Fuels and Lubricants	264.8	359.1	354.5	343.1	268.9
Of which: Electricity	*51.9*	*85.9*	*78.8*	*41.9*	*42.6*
4 Animal and Vegetable Oils	11.1	14.2	13.3	16.0	17.6
5 Chemicals	146.7	159.4	167.6	171.1	186.7
6 Manufactured Goods	203.4	203.1	228.7	223.9	249.7
7 Machinery and Transport Equipment	252.0	294.1	345.1	390.7	469.8
8 Miscellaneous Manufactured Goods	106.6	106.2	135.5	144.4	159.5
9 Commodities - not classified elsewhere	0.0	0.0	0.0	0.6	1.6
Export Processing Zones	69.2	64.9	80.6	219.3	115.8
Personal Goods	3.6	5.4	6.9	6.5	5.0
Total	1,275.0	1,456.8	1,601.6	1,827.1	1,784.5
CFZ Direct Imports	387.5	351.3	332.8	223.0	317.1
Grand Total	1,662.5	1,808.1	1,934.4	2,050.1	2,101.6

Sources: SIB and CBB

Table A.43: Extended Balance of Payments Services Classification (EBOPS)

$mn

		Jan-Dec 2014	Jan-Dec 2015
Total Services	Net	571.2	554.8
	Credits	974.6	997.5
	Debits	403.4	442.7
Manufacturing Services	Net	0.1	0.0
	Credits	0.1	0.0
	Debits	0.0	0.0
Maintenance and Repair Services	Net	0.0	0.0
	Credits	0.0	0.0
	Debits	0.0	0.0
Transportation	Net	-85.2	-90.1
	Credits	50.4	50.0
	Debits	135.6	140.1
Travel	Net	667.5	648.5
	Credits	747.7	743.1
	Debits	80.2	94.6
Telecommunications, Computer and Information Services	Net	3.3	5.5
	Credits	17.1	17.1
	Debits	13.8	11.7
Construction Services	Net	0.0	0.0
	Credits	0.0	0.0
	Debits	0.0	0.0
Insurance and Pension Services	Net	-61.8	-63.6
	Credits	0.5	0.6
	Debits	62.3	64.2
Financial Services	Net	-0.8	-16.4
	Credits	5.6	7.7
	Debits	6.5	24.1
Charges for the use of Intellectual Property, n.i.e.	Net	-9.7	-8.3
	Credits	0.0	0.0
	Debits	9.7	8.3
Other Business Services	Net	23.7	53.8
	Credits	94.6	123.8
	Debits	70.9	69.9
Personal, Cultural and Recreational Services	Net	-0.6	-0.8
	Credits	0.0	0.0
	Debits	0.6	0.8
Government Services, n.i.e.	Net	34.5	26.2
	Credits	58.5	55.2
	Debits	23.9	29.0

Table A.44: Balance of Payments - Service and Income Balances

$mn

	2013			2014			2015		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Services	896.1	390.2	505.9	974.6	403.4	571.2	997.5	442.7	554.8
Transportation	46.2	119.1	-73.0	50.4	135.6	-85.2	50.0	140.1	-90.1
Travel	702.0	80.3	621.7	747.7	80.2	667.5	743.1	94.6	648.5
Other Goods and Services	94.9	166.1	-71.2	118.0	163.7	-45.7	149.2	179.0	-29.8
Government Goods and Services, n.i.e	53.1	24.8	28.3	58.5	23.9	34.5	55.2	29.0	26.2
Primary Income	12.1	248.1	-236.0	16.7	292.3	-275.6	14.6	278.8	-190.9
Labour Income	4.7	12.5	-7.8	4.7	13.5	-8.8	4.7	13.3	-8.5
Investment Income(1)	7.4	235.5	-228.1	12.0	278.8	-266.8	9.8	192.2	-182.4
Secondary Income	208.7	62.8	145.9	213.1	65.2	147.9	219.7	80.3	139.4
Government	0.8	9.3	-8.6	0.3	8.6	-8.3	0.0	7.2	-7.2
Private	208.0	53.4	154.5	212.8	56.6	156.2	219.7	73.1	146.6

(1) Includes an estimate for profit remittances from the tourism and petroleum industries.

Table A.45: Percentage Distribution of Visible Trade by Country/Area(1)

Percentage

	Exports(1)			Imports(1) (2)		
	2013	2014	2015	2013	2014	2015
US	22.0	19.4	20.5	35.9	31.1	33.7
Mexico	44.2	48.1	47.8	12.7	10.8	10.6
UK	15.3	16.5	16.5	1.3	1.3	2.3
Other EU	7.4	6.4	6.0	3.9	3.3	3.8
Central America	0.5	0.9	0.9	15.6	15.4	15.8
CARICOM	8.3	6.6	6.5	3.6	3.5	3.1
Canada	0.2	0.2	0.3	0.7	0.8	0.8
Netherland Antilles	0.0	0.0	0.0	12.6	12.4	8.8
China	0.1	0.2	0.0	12.7	10.8	10.1
Other	1.9	1.6	1.4	12.5	10.5	11.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Sources: SIB and CBB
(1) Includes exports and imports by the CFZ
(2) Includes electricity imports from Mexico.

Table A.46: Balance of Payments - Capital and Financial Accounts

$mn

	2013 Net	2014 Net	2015 Net
CAPITAL ACCOUNT	75.4	87.9	17.2
General Government	75.4	87.9	17.2
Other Sectors	0.0	0.0	0.0
FINANCIAL ACCOUNT	-272.7	-349.4	-184.5
Direct Investment Abroad	1.4	5.5	0.9
Direct Investment in Belize	184.5	305.5	129.2
Portfolio Investment Assets	0.0	0.0	0.0
Portfolio Investment Liabilities	-31.8	0.0	0.0
Financial Derivatives Assets	0.0	0.0	0.0
Financial Derivatives Liabilities	0.0	0.0	0.0
Other Investment Assets	-45.5	-18.7	20.0
Monetary Authorities	-1.0	-1.6	-1.2
General Government	0.0	0.0	0.0
Banks	-69.1	-13.7	24.5
Other Sectors	24.6	-3.3	-3.3
Other Investment Liabilities	75.9	30.7	76.2
Monetary Authorities	-0.8	-0.1	6.4
General Government	169.1	89.9	104.1
Banks	20.2	7.3	-1.7
Other Sectors	-112.6	-66.4	-32.6
NET ERRORS AND OMISSIONS	24.7	-18.5	41.5
CHANGES IN RESERVES	227.7	163.5	-100.3

Table A.47: Official International Reserves

	Position as at			Changes
	Dec 2013	Dec 2014	Dec 2015	During 2015
Gross Official International Reserves	810.2	973.7	873.4	-100.3
Central Bank of Belize	792.7	956.0	855.8	-100.3
Holdings of SDRs	61.7	58.0	55.5	-2.5
IMF Reserve Tranche	13.0	12.2	11.7	-0.5
Other	718.0	885.8	788.6	-97.2
Central Government	17.5	17.7	17.7	0.0
Foreign Liabilities	1.8	1.4	9.4	7.9
CARICOM	0.2	0.0	0.4	0.4
Other	1.6	1.4	8.9	7.5
Net Official International Reserves	808.4	972.2	864.0	-108.2

Table A.48: Private Sector External Debt by Economic Sector[1,3]

Economic Sectors	Disbursed Outstanding as at 31/12/14	Transactions (January - December 2015) Disbursements	Principal Payments	Interest Payments	Disbursed Outstanding as at 31/12/2015
Long Term:					
Agriculture	61,656	20	1,626	649	58,710
Arts, Entertainment and Recreation	1,700	0	0	0	1,700
Construction	59,028	0	4,797	6,728	54,231
Economic Diversification	1,000	0	0	39	1,000
Education	198	0	0	0	198
Electricity and Gas[2]	5,263	0	90	750	5,173
Financial and Insurance Activities	111	0	0	0	111
Fishing	102,751	0	8,124	2,493	94,628
Information and Communication	1,262	0	254	58	1,008
Real Estate Activities	106	1,330	162	72	1,274
Toursim Activities	41,501	0	1,151	224	40,351
Transportation	31,759	0	1,423	299	30,336
Wholesale and Retail Trade	943	188	46	30	1,086
Other	16	0	8	1	8
Total	307,296	1,538	17,680	11,342	289,813

[1] The loans cover only that portion of the private sector debt that is reported to the Central Bank of Belize.
[2] In compliance with legislation issued on 21st June 2011, the Government of Belize acquired Belize Electricity Ltd. (BEL) as a public entity. BEL is no longer a private sector entity, thus reflecting a reduction in disbursed outstanding debt (DOD) for the electricity and gas sector as of June 2011.
[3] At the time of reporting not all companies have submitted their balance sheets to the Central Bank of Belize.

Table A.49: Balance of Payments Summary

$mn

	2013	2014	2015
CURRENT ACCOUNT	-145.2	-255.6	-343.5
Goods: Exports FOB	1,216.1	1,178.4	1,075.8
Goods: Imports FOB	1,777.2	1,877.5	1,922.5
Trade Balance	-561.0	-699.1	-846.7
Services: Credit	896.1	974.6	991.5
Transportation	46.2	50.4	50.0
Travel(1)	702.0	747.7	743.1
Other Goods and Services	94.9	118.0	143.2
Government Goods and Services	53.1	58.5	55.2
Services: Debit	390.2	403.4	442.7
Transportation	119.1	135.6	140.1
Travel	80.3	80.2	94.6
Other Goods and Services	166.1	163.7	179.0
Government Goods and Services	24.8	23.9	29.0
Balance on Goods and Services	-55.1	-128.0	-291.9
Primary Income: Credit	12.1	16.7	14.6
Compensation of Employees	4.7	4.7	4.7
Investment Income	7.4	12.0	9.8
Primary Income: Debit	248.1	292.3	278.8
Compensation of Employees	12.5	13.5	13.3
Investment Income(2)	235.5	278.8	265.5
Balances on Goods, Services and Income	-291.1	-403.6	-556.1
Secondary Income: Credit	208.7	213.1	219.7
Government	0.8	0.3	0.0
Private	208.0	212.8	219.7
Secondary Income: Debit	62.8	65.2	80.3
Government	9.3	8.6	7.2
Private	53.4	56.6	73.1
CAPITAL ACCOUNT, n.i.e.	75.4	87.9	17.2
Capital Account: Credit	75.4	87.9	17.2
Capital Account: Debit	0.0	0.0	0.0

Table A.49: Balance of Payments Summary continued

$mn

	2013	2014	2015
FINANCIAL ACCOUNT, n.i.e.	-272.7	-349.4	-184.5
Direct Investment Abroad	1.4	5.5	0.9
Direct Investment in Belize, n.i.e.	184.5	305.5	129.2
Net Direct Investment	-183.1	-300.0	-128.3
Portfolio Investment Assets	0.0	0.0	0.0
Portfolio Investment Liabilities, n.i.e.	-31.8	0.0	0.0
Net Portfolio Investment	31.8	0.0	0.0
Financial Derivatives Assets	0.0	0.0	0.0
Financial Derivatives Liabilities	0.0	0.0	0.0
Net Financial Derivatives	0.0	0.0	0.0
Other Investment Assets	-45.5	-18.7	20.0
Other Investment Liabilities	75.9	30.7	76.2
Net Other Investment	-121.4	-49.4	-56.2
NET ERRORS AND OMISSIONS	24.7	-18.1	41.5
RESERVE ASSETS	227.7	163.5	-100.3

(1) Tourism earnings were based on Visitor Expenditure Surveys.

(2) Includes an estimate for profit remittances from the tourism and petroleum industries.

Financial Statements

Grant Thornton
An instinct for growth™

INDEPENDENT AUDITORS' REPORT

Grant Thornton, LLP
40 A Central American Boulevard
Belize City
Belize
T +501 227 3020
F +501 227 5792
E info@bz.gt.com
www.grantthornton.bz

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, 2015 and 2014, the statements of profit, 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 financial reporting provisions of 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.

Grant Thornton
An instinct for growth™

Independent Auditors' Report
Page 2

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, 2015 and 2014, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and the financial reporting provisions of the Central Bank of Belize Act.

Grant Thornton

Chartered Accountants
Belize City, Belize
March 11, 2016

CENTRAL BANK OF BELIZE

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014 (IN BELIZE DOLLARS)

ASSETS	Notes	2015	Restated* 2014
APPROVED EXTERNAL ASSETS:			
Bank balances and deposits with foreign bankers – unrestricted		**$ 7,464,307**	$ 5,451,036
Bank balances with foreign bankers – restricted	5	**-**	20,000,000
Reserve Tranche and balances with the International Monetary Fund	6	**67,181,865**	70,233,586
Other foreign credits instruments	7	**645,725,851**	672,234,366
Accrued interest and cash-in-transit	8	**3,448,767**	5,630,123
Marketable securities issued or guaranteed by foreign governments and international financial institutions	9	**140,571,429**	191,714,286
Total approved external assets		**864,392,219**	965,263,397
BALANCES WITH LOCAL BANKERS AND CASH ON HAND		**197,666**	391,645
BELIZE GOVERNMENT SECURITIES	10	**182,022,473**	96,645,000
BELIZE GOVERNMENT CURRENT ACCOUNT	11	**55,881,774**	40,409,889
OTHER ASSETS	12	**15,265,535**	10,185,349
POST EMPLOYMENT OBLIGATIONS	27	**3,341,174**	3,341,174
INVESTMENT SECURITIES	13	**20,000,000**	20,000,000
PROPERTY AND EQUIPMENT	14	**28,900,735**	27,923,590*
INTANGIBLE ASSETS	15	**1,269,439**	1,056,352*
TOTAL ASSETS		**$1,171,271,015**	$1,165,216,396

* Balances are restated. See Note 28.

The notes on pages 10 to 44 are an integral part of these financial statements.

CENTRAL BANK OF BELIZE

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2015 AND 2014 (IN BELIZE DOLLARS)

LIABILITIES, CAPITAL AND RESERVES	Notes	2015	Restated* 2014
DEMAND LIABILITIES:			
Notes and coins in circulation		**$ 345,080,494**	$ 286,034,882
Deposits by licensed financial institutions	16	**662,481,324**	529,789,810
Deposits by and balances due to Government and Public sector entities in Belize		**47,897,458**	249,778,378
Deposits by international agencies	17	**1,475,227**	1,226,182
Total demand liabilities		**1,056,934,503**	1,066,829,252
BALANCES DUE TO CARICOM CENTRAL BANKS		**426,188**	47,310
OTHER LIABILITIES	18	**27,164,438**	9,534,124
IMF SDR ALLOCATIONS	19	**49,597,346**	51,855,126
COMMERCIAL BANKS' DISCOUNT FUND	20	**761,016**	598,649
TOTAL LIABILITIES		**1,134,883,491**	1,128,864,461
CAPITAL ACCOUNT:			
Paid - up capital (Authorized capital $10,000,000)		**10,000,000**	10,000,000
REVALUATION ACCOUNT	21, 30	**1,738,817**	2,578,468
ASSET REVALUATION RESERVE	26	**103,431**	103,431
POST EMPLOYMENT OBLIGATION RESERVE	27	**3,341,174**	3,341,174
GENERAL RESERVE	22	**21,204,102**	20,328,862
TOTAL LIABILITIES, CAPITAL AND RESERVES		**$1,171,271,015**	$1,165,216,396

The financial statements on pages 3 to 9 were approved and authorized for issue by the Board of Directors on April 15, 2016 and are signed on its behalf by:

* Balances are restated. See Note 28.

CHAIRMAN	GOVERNOR	DEPUTY GOVERNOR OPERATIONS

The notes on pages 10 to 44 are an integral part of these financial statements.

CENTRAL BANK OF BELIZE

STATEMENTS OF PROFIT
YEARS ENDED DECEMBER 31, 2015 AND 2014 (IN BELIZE DOLLARS)

	Notes	2015	2014
CONTINUING OPERATIONS			
INTEREST INCOME:			
Approved external assets	23	**$ 7,341,065**	$ 6,659,465
Advances to Government of Belize		**4,382,808**	5,365,334
Local securities		**8,466,887**	6,867,428
		20,190,760	18,892,227
Other income:			
Discount on local securities		**3,159**	2,892
Dividends received from investment securities	13	**2,860,000**	-
Commissions and other income		**3,314,797**	3,312,250
Capital gain on securities investment		**844,992**	2,820,943
Total income		**27,213,708**	25,028,312
LESS: Interest expense		**(16,649)**	(70,408)
Income from operations		**27,197,059**	24,957,904
EXPENDITURE:			
Printing of notes and minting of coins		**(2,801,613)**	(2,239,992)
Salaries and wages, including superannuation contribution and gratuities	24	**(10,528,763)**	(9,512,541)
Depreciation and amortization		**(1,116,901)**	(950,795)
Administrative and general expenses	25	**(3,997,384)**	(4,260,262)
Total expenditure		**(18,444,661)**	(16,963,590)
Profit for the year from continuing operations		**$ 8,752,398**	$ 7,994,314
PROFIT FOR THE YEAR TRANSFERABLE TO THE GENERAL RESERVE FUND AND CONSOLIDATED REVENUE FUND		**$ 8,752,398**	$ 7,994,314
Transfer to general reserve fund in accordance with Section 9(1) of the Act	22	**(875,240)**	(799,431)
Balance credited to the Accountant General for the consolidated revenue fund		**$ 7,877,158**	$ 7,194,883
Profit for the year attributable to:		**$ 8,752,398**	$ 7,994,314
Owner of the Bank			
EARNINGS PER SHARE			
From continuing operations:			
Basic and diluted		**$ 8,752,398**	$ 7,994,314

The notes on pages 10 to 44 are an integral part of these financial statements.

CENTRAL BANK OF BELIZE

STATEMENTS OF OTHER COMPREHENSIVE INCOME
DECEMBER 31, 2015 AND 2014 (IN BELIZE DOLLARS)

	Note	2015	2014
PROFIT FOR THE YEAR		**$ 8,752,398**	$ 7,994,314
Other comprehensive income (loss):			
Revaluation of financial assets	21	**(839,651)**	(1,231,938)
Other comprehensive income (loss) for the year		**(839,651)**	(1,231,938)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**$ 7,912,747**	$ 6,762,376
Total comprehensive income attributable to:			
Owner of the Bank		**$ 7,912,747**	$ 6,762,376

The notes on pages 10 to 44 are an integral part of these financial statements.

CENTRAL BANK OF BELIZE

STATEMENTS OF CHANGES IN EQUITY
DECEMBER 31, 2015 AND 2014 (IN BELIZE DOLLARS)

	Paid-up capital	Revaluation account	Asset revaluation reserve	Post-employment obligation reserve	General reserve	Accumulated profits
January 1, 2014	$10,000,000	$3,810,406	$103,431	$3,341,174	$19,529,431	$ -
Comprehensive Income:						
Profit for the year	-	-	-	-	-	7,994,314
Other comprehensive income	-	(1,231,938)	-	-	-	-
Total comprehensive income	-	(1,231,938)	-	-	-	7,994,314
Transactions with owners of the Bank recognized directly in equity:						
Transfer to General Reserve Fund	-	-	-	-	799,431	(799,431)
Balance credited to the Accountant General for the Consolidated Revenue Fund	-	-	-	-	-	(7,194,883)
Transactions with owner of the Bank	-	-	-	-	799,431	(7,994,314)
December 31, 2014	**10,000,000**	**2,578,468**	**103,431**	**3,341,174**	**20,328,862**	-
January 1, 2015	10,000,000	**2,578,468**	**103,431**	**3,341,174**	**20,328,862**	-
Comprehensive Income:						
Profit for the year	-	-	-	-	-	8,752,398
Other comprehensive loss	-	(839,651)	-	-	-	-
Total comprehensive income	-	(839,651)	-	-	-	8,752,398
Transactions with owner of the Bank recognized directly in equity:						
Transfer to General Reserve Fund	-	-	-	-	875,240	(875,240)
Balance credited to the Accountant General for the Consolidated Revenue Fund	-	-	-	-	-	(7,877,158)
Transactions with owner of the Bank	-	-	-	-	875,240	(8,752,398)
December 31, 2015	**$10,000,000**	**$1,738,817**	**$103,431**	**$3,341,174**	**$21,204,102**	**$ -**

The notes on pages 10 to 44 are an integral part of these financial statements.

CENTRAL BANK OF BELIZE

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014 (IN BELIZE DOLLARS)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	**$ 8,752,398**	$ 7,994,314
Adjustments to reconcile comprehensive income to net cash provided by operating activities:		
- Amortization and impairment of other assets (Note 12)	**3,399**	9,715
- Amortization and impairment of intangible assets (Note 15)	**252,625**	763,982
- Depreciation of property and equipment (Note 14)	**864,276**	186,814
- (Gain) loss on disposal of property and equipment	**(1,607)**	493
Cash provided by operating activities before operating assets and liabilities	**9,871,091**	8,955,318
Changes in operating assets and liabilities:		
Belize Government current account	**(15,471,885)**	8,649,541
Treasury notes – net	**(117,173,150)**	36,408,000
Securities	**51,142,857**	72,021,428
Reserve tranche in the International Monetary Fund	**532,092**	769,206
Other assets	**(5,083,585)**	1,362,319
Other liabilities	**17,632,854**	156,165
Revaluation account	**(839,651)**	(1,231,938)
Net cash (used in) provided by operating activities	**(59,389,377)**	127,090,039
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	**(1,875,768)**	(360,750)
Proceeds from sale of assets	**35,954**	-
Acquisition of intangible assets	**(465,712)**	(835,998)
Net cash used in investing activities	**(2,305,526)**	(1,196,748)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes and coins in circulation	**59,045,612**	23,567,727
Transfer to Consolidated Reserve Fund	**(7,879,698)**	(7,194,883)
Deposits by licensed financial institutions	**132,691,514**	141,916,225
Deposits by and balances due to Government and Public sector entities in Belize	**(201,880,920)**	(10,465,461)
Deposits by international agencies	**249,045**	122,206
Balances due to Caricom Central Banks	**378,878**	(172,854)
Commercial Bank Discount Fund	**162,367**	162,367
IMF SDR allocations	**(2,257,780)**	(3,268,735)
IMF Enda facility	**-**	(1,813,868)
Net cash (used in) provided by financing activities	**$ (19,490,982)**	$142,852,724

Continued on page 9.

The notes on pages 10 to 44 are an integral part of these financial statements.

CENTRAL BANK OF BELIZE

STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014 (IN BELIZE DOLLARS)

	2015	2014
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**$818,511,754**	$549,765,739
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(81,185,885)**	268,746,015
CASH AND CASH EQUIVALENTS, END OF YEAR	**$737,325,869**	$818,511,754
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:		
EXTERNAL ASSETS:		
Balances and deposits with foreign bankers	**$ 7,464,307**	$ 5,451,036
Restricted bank balances	**-**	20,000,000
Other foreign credit instruments	**645,725,851**	672,234,366
Accrued interest	**2,896,163**	2,207,846
Cash-in-transit	**552,604**	3,422,277
Balance with the International Monetary Fund	**55,492,955**	58,012,584
	712,131,880	761,328,109
LOCAL ASSETS:		
Cash and bank balances	**197,666**	391,645
Current portion of Treasury Notes	**24,996,323**	56,792,000
	25,193,989	57,183,645
	$737,325,869	$818,511,754

The notes on pages 10 to 44 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, Chapter 262 of the Substantive Laws of Belize. Legislation covering its operations includes the Central Bank of Belize Act, the Domestic 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

a. Statement of compliance – The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB and the financial reporting provisions of the Central Bank of Belize Act. These and any amendments thereto 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. Basis of presentation – 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. Change in accounting policies – The accounting policies adopted are consistent with those used in the previous financial year except that the Bank has adopted the following standards, amendments and interpretations which did not have a significant effect on the financial performance or position of the Bank. Some, however, may give rise to additional disclosures or changes to the presentation of the financial statements in future periods.

Annual Improvements 2010-2012 Cycle made amendment to the following standard for periods beginning on or after July 1, 2014.	**Response**
IFRS 13 - Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).	Short-term receivables and payables are measured on an undiscounted basis. Revisions have been made to Note 2d and 30.

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 financial statements are disclosed below.

Standard	Pronouncement	When Effective	Response
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation.	January 1, 2016	The amendment will not have an impact on the financial statements.
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities.	January 1, 2016	The amendment will not have an impact on the financial statements.
IFRS 14 Regulatory Deferral Accounts	IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.	January 1, 2016	The amendment will not have an impact on the financial statements.
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.	January 1, 2016	The amendment will not have an impact on the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

Standard	Pronouncement	When Effective	Response
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	Amends IAS 16 Property, Plant and Equipment and IAS 41 Agriculture to include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16 and to clarify that produce growing on bearer plants remains within the scope of IAS 41.	January 1, 2016	The amendment will not have an impact on the financial statements.
Disclosure Initiative (Amendments to IAS 1)	Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports.	January 1, 2016	The amendment will be adopted when it becomes effective and its effect, if any, will be quantified at that time.
Equity Method in Separate Financial Statements (Amendments to IAS 27)	Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.	January 1, 2016	The standard is not expected to have an impact on the financial statements.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture. The amendment is applicable on a prospective basis to a sale or contribution of assets.	January 1, 2016	The standard is not expected to have an impact on the financial statements.
IFRS 15 Revenue from Contracts with Customers	IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. These include identifying the contract, performance obligations, and transaction price as well as allocating transaction price to the performance obligations and recognizing revenue when these are satisfied.	January 1, 2017	The standard is not expected to have an impact on the financial statements.

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

Standard	Pronouncement	When Effective	Response
IFRS 9	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 January 1, 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 January 1, 2015. The release of IFRS 9 (2014) on July 24, 2014 moved the mandatory effective date of IFRS 9 to January 1, 2018. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.	January 1, 2018	The standard will be adopted when it becomes effective. Its effects will be quantified at that time.

Annual Improvements 2012-2014 Cycle makes amendments to the following standards for periods beginning on or after July 1, 2016.	**Response**
IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued	Improvements will not have an impact on the financial statement.
IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements	Improvements will not have an impact on the financial statement.
IAS 19 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid	Improvements will not have an impact on the financial statement.
IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference	Improvements will not have an impact on the financial statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments –

Initial recognition and measurement
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. Transaction cost directly attributable to acquisition of the financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

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.

Classification
Financial assets
After initial recognition a financial asset is measured at amortised cost or fair value.

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.

Effective interest method
The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) or future cash payments through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

- 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.

The Bank has designated certain financial assets at amortized cost. Note 30 sets out the amount of each class of financial asset that has been designated at amortized cost. Due to their short-term nature, some cash and receivable balances are held on an undiscounted basis.

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 30 sets out the amount of the 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. Based on statutory requirements some financial assets are measured at fair value through other comprehensive income. See also note 2(m).

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 receivable balances when they are determined to be uncollectible (see note 12).

Derecognition of financial assets
The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and associated liability for amounts it may have to pay.

If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognizes a collateralized borrowing for proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in the other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Bank retains an option to repurchase part of the transferred asset), the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognize under the continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount and the allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities at amortized cost'. The Bank classifies its financial liabilities as measured at amortised cost. Based on statutory requirements some financial liabilities are measured at fair value through other comprehensive income. See also note 2(m).

Derecognition of financial liabilities
The Bank derecognizes financial liabilities when and only when, the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and is payable is recognized in profit or loss.

Note 30 also sets out the reconciliation between financial liability classes and measurement categories. Due to their short-term nature, certain payable balances are held on an undiscounted basis.

Below are descriptions of some of the main financial assets and financial liabilities of the Bank.

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 .

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

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

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

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.

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. Investment in securities – This investment is carried at cost. Cost is based on the fair value of the consideration given in exchange for the asset. Dividends earned are included in operations.

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:

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

Cost includes expenditures that are directly attributable to the acquisition of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Intangible asset and amortization (Continued)

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 3 to 10 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 is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Employee benefits (Continued) –

Severance
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 one week severance after five years and 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.

Revaluation
Section 50 of the Central Bank of Belize Act 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, the Bank was in compliance as the value of total assets was $1,171,271,015 (2014: $1,165,216,396) while the value of notes and coins in circulation was $345,080,494 (2014: $286,034,882).

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.

   Management has developed internal controls to ensure compliance with the law. At December 31 total approved external assets approximated 82%, (2014: 90%) of such liabilities respectively.

4. SIGNIFICANT NON-CASH TRANSACTIONS

During the year, the Bank experienced revaluation losses of $839,651 (2014: $1,231,938 loss) on its foreign currency balances and IMF funds.

5. BANK BALANCES – RESTRICTED

The Bank had 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 were available to the beneficiary by sight payment with Citibank N. A. C/O at Citicorp North America.

The letter of credit was secured by a restricted USD $10,000,000 deposit at Citibank N. A. and expired on January 31, 2015.

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, 2015, 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 20,023,004 (2014: 20,020,770) respectively. The Reserve Tranche which earns interest is included in approved external assets in the financial statements at the exchange rate of BZ$2.77146 to SDR 1.0 at December 31 (2014: BZD$2.897620 to SDR 1.0).

7. OTHER FOREIGN CREDIT INSTRUMENTS

	2015	2014
At December 31, these instruments comprised of:		
Bank of America (Fixed Deposit)	**$ 26,058,387**	$26,027,088
Bank of America (Overnight Deposit)	**-**	440,000
Barclays Bank PLC Miami (Fixed Deposit)	**182,967,756**	176,103,436
Citibank N.A., New York (Overnight Deposit)	**-**	400,000
Citibank N.A., New York (Fixed Deposit)	**40,020,444**	40,000,000
Commerzbank (Fixed Deposit)	**100,602,439**	58,605,919
Crown Agents Financial Services (Fixed Deposits)	**89,972,026**	149,926,813
Federal Reserve Bank of New York (Overnight Deposit)	**126,000,000**	59,600,000
ING Bank NV, Amsterdam (Fixed Deposit)	**10,000,000**	50,000,000
Morgan Stanley Smith Barney, LLC (Overnight Deposit)	**-**	111,131,110
Raymond James (Overnight Deposit)	**70,104,799**	-
	$645,725,851	$672,234,366

8. ACCRUED INTEREST AND CASH-IN-TRANSIT

	2015	2014
Accrued interest	**$2,896,163**	$2,207,846
Cash-in-transit	**552,604**	3,422,277
	$3,448,767	$5,630,123

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

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

	Maturity Date	**2015**	2014
2.125% International Bank for Reconstruction and Development Bonds	2016	**$ 4,000,000**	$ 4,000,000
0.875% US Treasury Notes	2017	**30,000,000**	40,000,000
1% US Treasury Notes	2017	**-**	20,000,000
7.8% Government of Barbados	2019	**4,571,429**	5,714,286
1.625% US Treasury Notes	2019	**-**	20,000,000
1.625% US Treasury Notes	2020	**30,000,000**	-
1.875% US Treasury Notes	2021	**-**	10,000,000
1.625% International Bank for Reconstruction and Development Bonds - Global	2022	**10,000,000**	-
2.250% International Bank for Reconstruction and Development Bonds	2024	**-**	20,000,000
2.250% US Treasury Notes	2024	**-**	10,000,000
2.83% International Bank for Reconstruction and Development Bonds	2028	**30,000,000**	30,000,000
2.95% Swedish Export Credit Corporation	2028	**30,000,000**	30,000,000
3.5% Government of Dominica Debenture	2034	**2,000,000**	2,000,000
		$140,571,429	$191,714,286

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 consists of:

	2015	2014
Treasury Bills	**$ 24,996,323**	$ -
Treasury Notes	**157,026,150**	86,645,000
Belize Defence Bonds	**-**	10,000,000
	$182,022,473	$96,645,000

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

	2015	2014
Due within 1 year	**$ 70,758,323**	$47,017,000
Due within 1 year through 5 years	**86,265,150**	20,303,000
Due within 5 years through 10 years	**24,999,000**	29,325,000
	$182,022,473	$96,645,000

10. BELIZE GOVERNMENT SECURITIES (Continued)

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 the Bank's aggregate holding of Belize Government securities approximated 6.00 times (2014: 3.19), 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 8 ½% of the current revenues of the Government collected during the preceding financial year. Management has developed internal controls to ensure compliance with the law. At December 31, 2015, the Bank was in compliance since advances to the Government of Belize totaled $55,881,774 which is 69% of $81,274,006 which represents 8 ½% of the Government's revenues collected during April 1, 2014 and March 31, 2015. (2014 - $40,409,889 being 54% of $73,946,978).

12. OTHER ASSETS

	2015	2014
Other assets consist of:		
Bond premium	**$ 1,548**	$ -
Education bond receivable	**-**	49,217
Inventory of circulation notes and coins	**4,662,240**	2,414,491
Prepayments and accrued interest	**4,651,462**	1,815,395
Special coins inventory	**1,137,267**	1,146,485
Staff loans receivable	**4,343,121**	4,497,979
Accounts receivable	**156,475**	43,852
Other	**336,763**	237,872
	15,288,876	10,205,291
Less impairment for doubtful receivables and amortization of museum endowment fund:	**(23,341)**	(19,942)
	$15,265,535	$10,185,349

Impairment for doubtful receivables and amortization:	**2015**	2014
Beginning balance, January 1	**$ 19,942**	$ 1,013,677
Additional impairment and amortization	**3,399**	9,715
Write-offs	**-**	(1,003,450)
Ending balance, December 31	**$ 23,341**	$ 19,942

13. INVESTMENT SECURITIES

Investment represents the Bank's investment of 4,000,000 shares in Belize Telemedia Limited at a par value 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 not to dispose of the shares for at least four years after the date of purchase under a "Share Purchase" agreement. 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**	**Work in Progress**	**Total**
Balance at, January 1, 2015	$30,438,215	$1,468,753	$7,074,044	$519,428	$570,363	$40,070,803
Additions	488,343	58,727	1,328,698	-	-	1,875,768
Disposals	-	(15,593)	(267,730)	(144,568)	-	(427,891)
Transfers	-	-	566,148	-	(566,148)	-
Balance at, December 31, 2015	30,926,558	1,511,887	8,701,160	374,860	4,215	41,518,680
Accumulated depreciation						
Balance at January 1, 2015	4,538,299	1,217,926	5,977,035	413,953	-	12,147,213
Depreciation charge for the year	304,488	50,169	457,998	51,621	-	864,276
Disposal	-	(14,421)	(246,502)	(132,621)	-	(393,544)
Balance at, December 31, 2015	4,842,787	1,253,674	6,188,531	332,953	-	12,617,945
Net book value						
December 31, 2015	**$26,083,771**	**$ 258,213**	**$2,512,629**	**$ 41,907**	**$ 4,215**	**$28,900,735**
December 31, 2014, restated	$25,899,916	$ 250,827	$1,097,009	$105,475	$570,363	$27,923,590

15. INTANGIBLE ASSETS

Cost	**Intangible Assets**	**Work in Progress**	**Total**
Balance at, January 1	$1,583,119	$ -	$1,583,119
Additions	233,348	232,364	465,712
Transfers	106,761	(106,761)	-
Balance at, December 31	1,923,228	125,603	2,048,831
Accumulated Depreciation			
Balance at, January 1	526,767	-	526,767
Amortization charge for the year	252,625	-	252,625
Balance at, December 31	779,392	-	779,392
Net Book Value			
December 31, 2015	**$1,143,836**	**$125,603**	**$1,269,439**
December 31, 2014, restated	$1,056,352	$ -	$1,056,352

Intangible assets primarily comprise of qualifying computer software and related costs.

16. DEPOSITS BY LICENSED FINANCIAL INSTITUTIONS

Under the revised provisions of Section 39 of the Domestic Banks and Financial Institutions Act 2013, licensed financial institutions are required to keep deposits with the Bank, 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 agencies. At December 31, deposits consisted of:

	2015	2014
Caribbean Development Bank	**$ 415,470**	$ 160,378
International Monetary Fund	**132,842**	138,889
Inter-American Development Bank	**897,175**	897,175
Int'l Bank for Reconstruction & Development	**29,740**	29,740
	$1,475,227	$1,226,182

18. OTHER LIABILITIES

	2015	2014
Severance and gratuities	**$ 2,007,873**	$1,837,862
Other staff costs payable	**1,181,468**	680,895
Abandoned property	**5,084,443**	3,607,865
License international offshore financial institutions*	**14,694,714**	1,400,000
Deferred income	**657,225**	691,552
Accounts payable	**1,678,419**	184,181
Unclaimed balances of Belize Unit Trust	**46,388**	47,254
Bond discount	**130,660**	368,705
Belize City Municipal Bonds – Sinking Fund	**1,683,248**	715,810
	$27,164,438	$9,534,124

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

19. IMF SDR ALLOCATIONS

	2015	2014
A general allocation of Special Drawing Rights (SDRs) equivalent to approximately USD $250 billion became effective on August 28, 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 million. Based on this quota, the Bank received allocations of SDR 17,890,000. At December 31, 2015, the SDR's were revalued at SDR 2.77146 to BZD $1.00 (2014: 2.897620 to BZD $1.00).	**$49,593,212**	$51,850,751
Interest payable on the facility	**4,134**	4,375
	$49,597,346	$51,855,126

20. 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 a new 10 year discount facility, amount of $1,465,000 at 2% interest per annum, to the Development Finance Corporation.

	2015	2014
Loans receivable from institution	**$ (841,680)**	$ (985,059)
Interest paid to USAID	**(2,311,316)**	(2,311,316)
Interest received from institution	**3,914,012**	3,895,024
	$ 761,016	$ 598,649

21. REVALUATION ACCOUNT

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

	2015	2014
Balance at beginning of year	**$2,578,468**	$3,810,406
Loss from revaluation	**(839,651)**	(1,231,938)
Balance at end of year	**$1,738,817**	$2,578,468

22. GENERAL RESERVE FUND

Section 9(1) of the Central Bank of Belize Act provides for the establishment of a General Reserve Fund into which is paid 20% 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% is paid into the Fund. At December 31, 2015, 10% was allocated (2014: 10%).

	2015	2014
Balance at beginning of year	**$20,328,862**	$19,529,431
Transfer from net profit	**875,240**	799,431
Balance at end of year	**$21,204,102**	$20,328,862

23. INTEREST ON APPROVED EXTERNAL ASSETS

	2015	2014
Interest earned on overnight deposits	**$ 130,504**	$ 78,363
Interest earned on marketable securities	**3,801,296**	4,703,906
Interest earned on balances and deposits with foreign bankers	**3,409,265**	1,877,196
	$7,341,065	$6,659,465

24. SALARIES AND WAGES, INCLUDING SUPERANNUATION CONTRIBUTION AND GRATUITIES

Expense recognized for employee benefits is analyzed below:

	2015	2014
Salaries and wages	**$ 9,668,749**	$9,002,785
Social security costs	**142,996**	138,156
Pensions - defined benefit plan	**717,016**	371,600
Employee benefits expense	**$10,528,761**	$9,512,541

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014 (IN BELIZE DOLLARS)

25. ADMINISTRATIVE AND GENERAL EXPENSES

	2015	2014
Advertising	**$ 76,691**	$ 55,774
Audit fees	**65,250**	65,428
Amortization and impairment of other assets	**3,399**	9,715
Bank charges	**111,308**	53,745
Bank publications	**32,946**	30,428
Books and publication	**21,988**	41,123
Building repairs and maintenance	**443,772**	513,777
Cash shipment	**3,979**	5,145
Computer software license	**197,287**	335,426
Directors' fees	**91,774**	56,100
Donations	**57,407**	44,544
Entertainment	**9,485**	9,691
Equipment maintenance	**24,438**	13,276
Firearm license and ammunition	**9,914**	5,025
Freight charges	**37,095**	22,409
Hurricane preparedness	**22,358**	192
Insurance expense	**107,407**	122,050
Legal fees	**34,950**	55,350
Membership fees	**83,544**	103,164
Motor vehicle	**63,115**	48,796
Other miscellaneous expense	**254,238**	358,352
Overseas meeting and conferences	**283,405**	276,147
Professional services and technical support	**542,812**	621,644
Small equipment purchases	**28,397**	8,920
Subscriptions	**49,080**	48,000
Supplies	**212,113**	297,259
Surveys	**243,457**	133,366
Travel (local)	**38,024**	14,736
Utilities expense	**847,751**	910,680
	$3,997,384	$4,260,262

26. 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.

27. 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.

During the year under review, the Bank contributed $717,016 (2014: $371,600) 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 unrecognized remeasurements 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. Remeasurements are recognised in full in the year in which they occur within other comprehensive income. Last remeasurement was recorded at December 31, 2012.

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. Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives.

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.

The Bank has not performed any actuarial valuations on its defined benefit pension scheme during the year ended December 31, 2015. The next valuation is scheduled for 2016.

PENSION (ASSET) LIABILITY

	Pension Plan 2012	**Post-retirement Medical Benefits**	**Total**
Present value of the obligation	$10,632,000	$1,940,000	$12,572,000
Unrecognized remeasurements	(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)

27. 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 remeasurements 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.

	2012
a. Pension asset as per sections 54	$(4,810,651)
b. Cumulative unrecognized net remeasurements and past service cost plus present value economic benefits	$(3,341,174)
Final pension asset to be recognized on Statement of Financial Position at December 31, 2012	**$(3,341,174)**

Amounts to be recognized in Statement of Other Comprehensive Income at December 31, 2012

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. Last valuation was recognized at December 31, 2012.

Liability to be recognized in the Statement of Financial Position:

	2012
Present value of the obligation	$1,940,000
Fair value of plan assets	-
Net obligation	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

28. RESTATEMENT

The bank has restated its December 31, 2014 financial statements to reclassify work in progress property and equipment that were recognized as work in progress intangible assets. The effects of the restatement are shown below:

	2014
Effect on property and equipment	
Property and equipment as previously stated at December 31	$27,357,442
Reclassification from work in progress intangible assets	566,148
Restated property and equipment as at December 31	27,923,590
Effect on intangible assets	
Intangible assets as previously stated at December 31	1,622,500
Reclassification to property and equipment	(566,148)
Restated intangible assets as at December 31	$ 1,056,352

29. RELATED PARTY TRANSACTIONS

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 Departmental Directors. At December 31, the number of key management personnel was 18 (2014: 17).

Transactions with key management personnel:

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

Benefits

	2015	2014
Short-term benefits	**$2,091,247**	$1,957,983
Post-employment benefits	**39,668**	42,600
Termination benefits	**456,269**	457,306
	$2,587,184	$2,457,889

b. Loans and advances to directors and key management:

Loans and advances
As at December 31 an amount of $542,952 (2014: $511,438) was receivable from key managerial personnel as approved advances made by the Bank. No impairment has 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 15 years with a variable interest rate initially set at 4.5%.

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014 (IN BELIZE DOLLARS)

29. RELATED PARTY TRANSACTIONS (Continued)

Transactions with the Government 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 the Government during the year are quantified below:

	Social Security Board	Development Finance Corporation	SSB Mortgage Securitization Proceeds	DFC Mortgage Securitization Proceeds	Financial Intelligence Unit	Belize Tourism Board	Belize Electricity Ltd.	National Bank of Belize Ltd.	BCC Sinking Fund Account	SSB Deposit Account	GOB Current Acct.
Opening Balances	$ (889)	$ (321,613)	$(214,201)	$(5,447)	$ (284,315)	$ (59,174)	$ (24,917)	$ (928,606)	$ (715,810)	$(1,118)	$ 40,409,889
Disbursements	268,000	11,530,698	641,027	-	1,899,126	10,621,197	1,746,592	16,738,225	4,400,368	-	1,813,150,347
Deposits	(267,260)	(11,990,605)	(855,597)	-	(1,620,000)	(10,859,519)	(1,746,592)	(25,127,894)	(5,367,805)	-	(1797,678,771)
Closing Balances	**$ (149)**	**$ (781,520)**	**$(428,771)**	**$(5,447)**	**$ (5,189)**	**$ (297,496)**	**$ (24,917)**	**$ (9,318,275)**	**$(1,683,247)**	**$(1,118)**	**$ 55,881,774**

30. 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 Note 2d 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, 2015	Financial assets at fair value through profit or loss	Financial assets at amortized costs	Financial assets at fair value through other comprehensive income	Total
Assets:				
Balances and deposits with foreign bankers	$ -	$ -	$ 7,464,307	$ 7,464,307
Reserve Tranche and balances with the International Monetary Fund	-	-	67,181,865	67,181,865
BALANCES WITH LOCAL BANKERS AND CASH ON HAND (undiscounted)	-	197,666	-	197,666
Other foreign credit instruments – unrestricted	-	645,725,851	-	645,725,851
Marketable securities issued or guaranteed by foreign government and international institutions	-	140,571,429	-	140,571,429
INVESTMENT	20,000,000	-	-	20,000,000
BELIZE GOVERNMENT CURRENT ACCOUNT	-	55,881,774	-	55,881,774
PENSION ASSET	-	-	3,341,174	3,341,174
Accrued interest and cash transit (undiscounted)	-	3,448,767	-	3,448,767
BELIZE GOVERNMENT SECURITIES	-	182,022,473	-	182,022,473
Total financial assets	**$20,000,000**	**$1,027,847,960**	**$77,987,346**	**$1,125,835,306**

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

At December 31, 2015	Financial liabilities at amortized costs	Financial liabilities at fair value through other comprehensive income	Total
Liabilities:			
Notes and coins in circulation (undiscounted)	$ 345,080,494	$ -	$345,080,494
Deposits by licensed financial institutions	662,481,324	-	662,481,324
Deposits by and balances due to Government and public sector entities in Belize	47,897,458	-	47,897,458
Deposits by international agencies	1,475,227	-	1,475,227
BALANCES DUE TO CARICOM CENTRAL BANKS	426,188	-	426,188
COMMERCIAL BANK DISCOUNT FUND	761,016	-	761,016
OTHER LIABILITIES	27,166,978	-	27,166,978
LOANS FROM FOREIGN INSTITUTIONS	-	-	-
IMF SDR ALLOCATIONS	-	49,597,346	49,597,346
Total financial liabilities	**$1,085,288,685**	**$49,597,346**	**$1,134,886,031**

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

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortized cost. The principle accounting policies on Note 2d 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, 2014	Financial assets at fair value through profit or loss	Financial assets at amortized costs	Financial assets at fair value through other comprehensive income	Total
Assets:				
Balances and deposits with foreign bankers	$ -	$ -	$ 5,451,036	$ 5,451,036
Bank balance with foreign banker – restricted	-	-	20,000,000	20,000,000
Reserve Tranche and balances with the International Monetary Fund	-	-	70,233,586	70,233,586
BALANCES WITH LOCAL BANKERS AND CASH ON HAND	-	391,645	-	391,645
Other foreign credit instruments – unrestricted	-	672,234,366	-	672,234,366
Marketable securities issued or guaranteed by foreign government and international institutions	-	191,714,286	-	191,714,286
INVESTMENT	20,000,000	-	-	20,000,000
BELIZE GOVERNMENT CURRENT ACCOUNT	-	40,409,889	-	40,409,889
PENSION ASSET	-	-	3,341,174	3,341,174
Accrued interest and cash transit	-	5,630,123	-	5,630,123
BELIZE GOVERNMENT SECURITIES	-	96,645,000	-	96,645,000
Total financial assets	**$20,000,000**	**$1,007,025,309**	**$99,025,796**	**$1,126,051,105**

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014 (IN BELIZE DOLLARS)

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

At December 31, 2014	Financial liabilities at amortized costs	Financial liabilities at fair value through other comprehensive income	Total
Liabilities:			
Notes and coins in circulation	$ 286,034,882	$ -	$ 286,034,882
Deposits by licensed financial institutions	529,789,810	-	529,789,810
Deposits by and balances due to Government and public sector entities in Belize	249,778,378	-	249,778,378
Deposits by international agencies	1,226,182	-	1,226,182
BALANCES DUE TO CARICOM CENTRAL BANKS	47,310	-	47,310
COMMERCIAL BANK DISCOUNT FUND	598,649	-	598,649
OTHER LIABILITIES	9,534,124	-	9,534,124
LOANS FROM FOREIGN INSTITUTIONS	-	-	-
IMF SDR ALLOCATIONS	-	51,885,126	51,855,126
Total financial liabilities	**$1,077,009,335**	**$51,855,126**	**$1,128,864,461**

31. 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 financial assets, 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, 2015. 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**	**UK**	**Canada**	**Germany**	**Total**
Depository Accounts & Money at Call	$ 3,030,484	$ 1,494,240	$122,247	$ 2,817,336	**$ 7,464,307**
Overnight Deposits	196,104,799	-	-	-	**196,104,799**
Fixed Deposits	249,046,587	99,972,026	-	100,602,439	**449,621,052**
Total Exposure	**$448,181,870**	**$101,466,266**	**$122,247**	**$103,419,775**	**$653,190,158**

31. FINANCIAL RISK MANAGEMENT (Continued)

Schedule B
Outline of other Local and Foreign Investments

Securities	Local	Foreign			
	GOB	Barbados	Dominica	IBRD/SEK	US
Treasury Bills	$ 24,996,323	$ -	$ -	$ -	$ -
Treasury Notes	157,026,150	-	-	-	-
Bonds	-	4,571,429	-	74,000,000	60,000,000
Debentures	-	-	2,000,000	-	-
Total Exposure	**$182,022,473**	**$4,571,429**	**$2,000,000**	**$74,000,000**	**$60,000,000**

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;
- information about collateral or other credit enhancements obtained or called; and
- for financial assets that are past due or impaired, analytical disclosures are required.

These disclosures have been reflected as follows for staff loans amounting to $4,343,121.

Loan type	Principal outstanding December 31, 2015	Collateral Appraised value	Collateral Stamped value
Mortgage loans	$3,130,930	$6,304,185	$4,010,950
Consumer loans	1,212,191	-	-
	$4,343,121	**$6,304,185**	**$4,010,950**

The staff loan portfolio is not impaired due to the Bank's ability to collect while persons are employed by the Bank. Upon separation and in the rare case that an obligation remains, the balance is moved to accounts receivable. Upon any event indicating possible non-recovery of that accounts receivable the balance is impaired.

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.

31. 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**	**Average rate of return**
	2015	2014
Depository Accounts & Money at Call	0.08%	0.02%
Overnight Deposits	0.07%	0.02%
Fixed Deposits	0.67%	0.51%
Notes/Bonds	2.06%	2.09%
Debentures	3.50%	3.50%

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, 2015:

	FOREIGN CURRENCY	**YEAR-END RATE**	**BELIZE DOLLAR VALUE**
Euro Fund	$ (227,823)	$2.17760	$ (496,108)
Canadian Fund	(84,799)	1.44160	(122,247)
SDR Fund	(25,235,751)	2.77146	(69,939,873)
USD Fund	(393,729,624)	2.00000	(787,459,247)
Sterling Fund	(159,497)	2.96380	(472,717)
BZ$ Fund	857,650,541	1.00000	857,650,541
Current Year Revaluation Loss			**$ (839,651)**

	BELIZE DOLLAR VALUE
Revaluation balance, January 1	**$2,578,468**
Decrease in revaluation	**(839,651)**
Revaluation balance, December 31	**$1,738,817**

31. 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.

Asset Type	1 Month $	1-3 Months $	3-6 Months $	6-12 Months $	1-5 Years $	Over 5 Years $
Balances with local bankers and cash on hand	197,666	-	-	-	-	-
Depository Accounts & Money at Call	7,464,307	-	-	-	-	-
Fixed Deposits	100,242,076	56,802,811	56,058,387	236,517,778	-	-
Overnight Deposits	196,104,799		-	-	-	-
Treasury Bills	-	24,996,323	-	-	-	-
Treasury Notes	-	3,000,000	-	42,762,000	86,265,150	24,999,000
Bonds	-	-	-	4,000,000	4,571,429	70,000,000
Debentures	-	-	-	-	-	2,000,000
Investment Securities	-	-	-	-	-	20,000,000
	304,008,848	**84,799,134**	**56,058,387**	**283,279,778**	**90,836,579**	**116,999,000**

31. FINANCIAL RISK MANAGEMENT (Continued)

Liability Type	1 Month $	1-3 Months $	3-6 Months $	6-12 Months $	1-5 Years $	Over 5 Years $
Deposits by licensed financial institutions	-	-	-	662,481,324	-	-
Deposits by and balances due to Government and public sector entities in Belize	-	47,897,458	-	-	-	-
Deposits by international agencies		1,475,227	-	-	-	-
BALANCES DUE TO CARICOM CENTRAL BANKS	426,188	-	-	-	-	-
COMMERCIAL BANK DISCOUNT FUND	-	-	-	-	-	761,016
OTHER LIABILITIES	-	27,164,438	-	-	-	-
IMF SDR ALLOCATIONS	-	-	-	-	-	49,597,346
	426,188	**76,537,123**	**-**	**662,481,324**	**-**	**50,358,362**
	303,582,660	**8,262,011**	**56,058,387**	**(379,201,546)**	**90,836,579**	**66,640,638**

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.

* * * * * *