CENTRAL BANK OF BELIZE

2012 ANNUAL REPORT & STATEMENT OF ACCOUNTS

CENTRAL BANK of BELIZE

30 April 2013

Honourable Dean Barrow
Prime Minister and Minister of Finance and Economic Development
Ministry of Finance and Economic Development
Sir Edney Cain Building
Belmopan
BELIZE

Dear Prime Minister:

It is my honour to submit to you in your capacity as the Minister of Finance, the Annual Report of the Central Bank of Belize's operations for the year 2012, together with a copy of the Bank's Statement of Accounts as certified by the external auditors, Castillo Sanchez and Burrell, LLP.

The enclosed are submitted in accordance with Section 58 of the Central Bank of Belize Act, Chapter 262, Revised Edition 2000.

Respectfully,

Glenford Ysaguirre
Governor

CENTRAL BANK OF BELIZE

THIRTY-FIRST ANNUAL REPORT

AND

STATEMENT OF ACCOUNTS

For the Year Ending 31 December 2012

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, 2012.

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 2012

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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.

List of Acronyms and Abbreviations

Acronyms:

AEIR	Average Effective Interest Rate
AML	Anti-money laundering
ASR	American Sugar Refining
BAHA	Belize Agricultural Health Authority
BAL	Belize Aquaculture Limitd
BGA	Banana Growers Association
BFIA	Bank and Financial Institutions Act
BMC	Belize Mortgage Company
BNE	Belize Natural Energy
BOP	Balance of Payments
BPM	Balance of Payments Manual
BSI	Belize Sugar Industries Limited
BSSB	Belize Social Security Board
BTB	Belize Tourism Board
BTL	Belize Telemedia Limited
CAR	Capital Adequacy Ratio
CBB	Central Bank of Belize
CDB	Caribbean Development Bank
CARICOM	Caribbean Common Market
CFATF	Caribbean Financial Action Task Force
CFZ	Commercial Free Zone
CGA	Citrus Growers Association
CIDA	Canadian International Development Agency
CPBL	Citrus Products of Belize Limited
CPI	Consumer Price Index
DBFIA	Domestic Banks and Financial Institutions Act 2012
DFC	Development Finance Corporation
ECLAC	Economic Commission for Latin America and the Caribbean
ENDA	Emergency Natural Disaster Assistance
EU	European Union
GOB	Government of Belize
GDP	Gross Domestic Product
GST	General Sales Tax
HRD	Human Resources Department
IBRD	International Bank for Reconstruction and Development/ World Bank
IDB	Inter-American Development Bank
IFC	International Financial Corporation
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
LIBOR	London Interbank Offered Rate
MOF	Ministry of Finance
NFC	Not-from-concentate
NPL	Non-performing loans
OFID	OPEC Fund for International Development
OPEC	Organisation of the Petroleum Exporting Countries
PMO	Project Management Office
ROA	Return on average assets
ROC/Taiwan	Republic of China/Taiwan
ROE	Return on average equity
RRD	Revenue Replacement Duty
RFS	Request for Solution
SDR	Special Drawing Rights
SIB	Statistical Institute of Belize
SITC	Standard International Trade Classification
UHS	Universal Health Services
UK	United Kingdom
US	United States

Abbreviations and Conventions:

$	refers to the Belize dollar unless otherwise stated
bn	denotes billion
mn	denotes million
CIF	Cost, Insurance and Freight
FOB	Free on Board
n.a.	not available
n.i.e.	not included elsewhere
NPL ratio	NPL net of specific loan loss provisions to total loans
ps	Pound solid

Notes:

1. Since May of 1976 the Belize dollar has been fixed to the US dollar at the rate of US$1.00 = BZ$2.00.
2. The 2012 figures in this report are provisional and the figures for 2011 have been revised.
3. Unless otherwise indicated, the Central Bank of Belize is the source of all tables and charts.

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DIRECTORS AND PRINCIPALS

At December 31, 2012

BOARD OF DIRECTORS

Right Honourable Sir Manuel Esquivel
Chairman

Ralph Feinstein
Vice Chairman

Alan Slusher - **Member**

Michael Singh - **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, by invitation**

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

Neri Matus
Director, Financial Sector Supervision

Azucena Quan-Novelo
Director, Research

I. Rabey Cruz
Director, Information Technology

Effie Ferrera
Director, Internal Audit

Stephen Heusner
Chief of Security

Michelle Estell
Director, **Banking and Currency**

GOVERNANCE

The Board of the Central Bank of Belize comprises the Governor, Deputy Governor (Research) and the Financial Secretary as ex officio members and four other members who are appointed by the Minister of Finance. The chairman is appointed by the Minister, and the vice-chairman is elected by the members of the Board.

The terms of office for Board members, Mr. Damien Gough and Mr. Darrell Bradley, expired in March 2012. New members, Mr. Alan Slusher and Mr. Michael Singh, were appointed to the Board with effect from 1 April 2012.

Section 12 (1) of the Central Bank Act requires the Board to meet no less than 10 times in each year, on dates designated by the chairman. A quorum for any meeting of the Board is three members, one of whom must be the Governor or a Deputy Governor. Board decisions are taken based on a majority of votes cast with the presiding chairman having a second or casting vote in the event of a tie. In 2012, the Board met 11 times and considered 83 submissions.

Attendance at Board Meetings in 2012	
Right Honourable Sir Manuel Esquivel - **Chairman**	11
Mr. Ralph Feinstein - **Vice-Chairman**	9
Mr. Damien Gough - **Member**	2
Mr. Darrell Bradley - **Member**	3
Mr. Alan Slusher - **Member**	8
Mr. Michael Singh - **Member**	6
Mr. Glenford Ysaguirre - **Governor (ex officio)**	11
Mr. Joseph Waight - **Financial Secretary (ex officio)**	11
Mrs. Christine Vellos - **Deputy Governor (ex officio)**	10
Mrs. Marilyn Gardiner-Usher - **Deputy Governor (by invitation)**	10

Conduct of Central Bank of Belize Board Members

On appointment to the Board, each member is required under Section 18(1) of the Central Bank of Belize Act to maintain confidentiality in relation to the affairs of the Board and the Central Bank. Further, members must meet and maintain the qualifying conditions as laid out in Section 15 of the Central Bank of Belize Act and also subscribe to that set standard of conduct for directors and officers of the Central Bank. Over and above these legislated requirements, members recognise their responsibility for maintaining a reputation of integrity and propriety on the part of the Board and the Central Bank in all respects. Directors commit to:

- Discharging their duties with care and diligence;
- Acting in good faith, and in the best interest of the Central Bank;
- Not using their position to benefit themselves or any other person, or to cause detriment to the Central Bank or any person;
- Not using 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
- Declaring any material personal interest where a conflict arises with the interests of the Central Bank.

Ex officio directors who are also executives of the Central Bank are further subjected to the Code of Conduct adopted by the Central Bank that provides a number of general principles as a guide for their conduct in fulfilling their duties and responsibilities as employees of the Central Bank.

Audit Committee

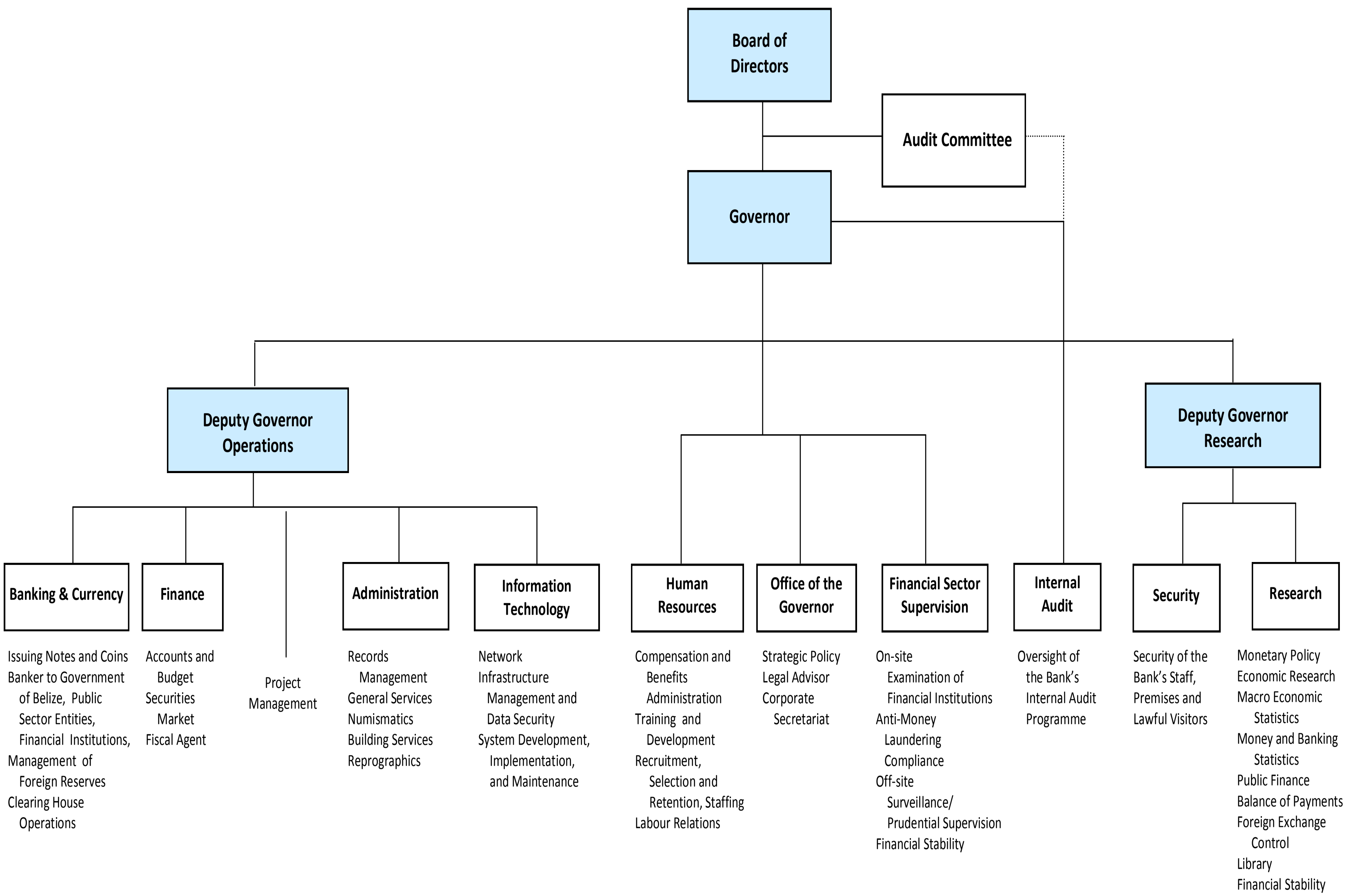
The objectives of the Audit Committee of the Board of Directors are to:

- Assist in the selection of the external auditors and recruitment of internal audit staff;
- Ensure a high-quality, independent and effective audit process;
- Assist the Governor and the Board in fulfilling their obligations relating to financial reporting, compliance with laws and regulations, internal control and risk management, employee conflicts of interest, business ethics and prevention of fraud; and
- Enhance transparency of relation between management and the Internal Audit Department.

The Audit Committee comprises two non executive board members, Mr. Alan Slusher (Chairman) and Mr. Michael Singh and Mrs. Marilyn Gardiner-Usher (Deputy Governor Operations). Mrs. Effie Ferrera (Chief Internal Auditor) is secretary to the Committee.

The new chairman of the Audit Committee was appointed in 2012. During the year, the Committee considered the quarterly interim financial audits and the various audits and reviews conducted by the Internal Audit Department and made subsequent presentations to the Central Bank's Board.

FUNCTIONAL CHART



Overview of the Domestic Economy

Upswings in export agriculture, construction and overnight tourism led to an acceleration in GDP annual growth to 5.3% in 2012 as compared to the 1.9% increase in the previous year. Additional boosts came from the re-opening of Belize Aquaculture Limited (BAL), the country's largest shrimp farm, and buoyancy in distributive trade, transportation and communication that reflected the heightening of demand from the construction sector and tourist service providers as well as the necessity of moving larger harvest volumes. On the downside, manufacturing contracted as higher citrus juice and sugar production was eclipsed by a sharper than anticipated downturn in crude oil extraction. Low rainfall in the catchment areas also led to a reduction in hydroelectricity output. Domestic price pressures moderated in the meanwhile with an average Consumer Price Index (CPI) increase of 1.3% as compared to 1.5% in 2011. The rise in prices was led by health, food, transportation and recreation, while those for housing, utility services, clothing, footwear, household maintenance, communication and education declined.

There was a slight widening of the external current account deficit (from 1.1% to 1.8% of GDP) as a larger trade deficit and profit repatriation by the tourism industry outweighed higher net earnings from services. The gap was financed by a capital account surplus and robust financial inflows, particularly in the form of foreign direct investments, which doubled. The latter facilitated a spike in private sector loan repayments as well as a 22.4% rise in the gross international reserves to $577.8mn that is equivalent to 3.8 months of merchandise imports.

Central Government's 2012 operations yielded a primary surplus of 2.0% of GDP while its overall deficit widened slightly to 1.0% of GDP. Expenditure growth slightly outpaced revenues at 7.0% and 6.4%, respectively, notwithstanding the fact that the latter was boosted by higher receipts from the General Sales Tax (GST), taxes on international trade, one-off loan repayments from Belize Sugar Industries Limited (BSI) and Belize Telemedia Limited (BTL), and foreign grants. While all categories of current expenditure increased, except for interest payments, the overall growth in spending was dominated by capital outlays for projects that were externally financed. Financing for the overall deficit was dependent on domestic and external sources and in this regard, Central Government's domestic debt rose by 2.4% to $389.9mn (12.4% of GDP), reflecting direct borrowing from the Central Bank through the overdraft facility and loans from a commercial bank. In the case of the external debt of the entire public sector, disbursements were outweighed by amortization payments, resulting in a 0.4% decline to $2,035.7mn (64.4% of GDP). Interest payments declined by 12.1% to $77.9mn due to a fall in rates on loans that are tied to LIBOR (London Interbank Offered Rate) and the government's withholding of a portion of the interest payment due on the super bond during the debt restructuring negotiations.

Robust foreign exchange inflows and a modest upturn in credit underpinned an 11.0% expansion in broad money during the year. Supported by inflows from tourism and foreign direct investment, commercial bank liquidity continued its upward trajectory and by year-end, holdings of cash and statutory liquid balances exceeded requirements by 81.6% and 61.3%, respectively. The 3.0% upturn in net credit included loan disbursements to Central Government, statutory bodies and the private sector. However, this was also simultaneous with the commercial banks' continuation of loan write-offs and increased provisioning aimed at strengthening balance sheets in accordance with the prudential standards required for institutional soundness and stability. The banking system consequently posted a second consecutive year of losses. Against this backdrop, the decline in interest rates tended to be slower for lending than deposit rates, particularly in view of the rigidities of existing loan contracts and customer passivity with respect to the seeking of refinancing alternatives. In comparison with a 110 basis points decline in the weighted average deposit rate to 2.55%, the weighted average lending rate fell by 103 basis points to 11.99%. When the focus is narrowed to new loans only, the weighted average rate in December stood at 10.33%, which is 146 basis points lower than that of December 2011 and 403 basis points below that of December 2010.

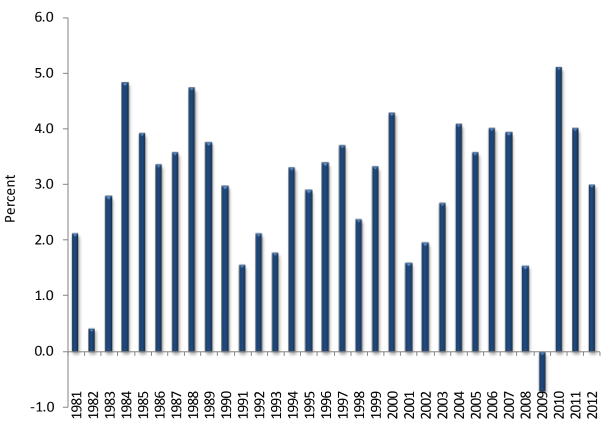
Looking ahead to 2013, inflationary pressures are expected to remain benign as fuel and energy prices, while highly unpredictable, are projected to fall as increased supplies lead to a build-up of global inventories. GDP growth is expected to decelerate to 2.7% in 2013 due to the lessening impact of the factors that boosted activity in 2012. The tertiary sector is likely to be the main driver of growth with continued buoyancy in the overnight tourism segment resulting in heightened activity in "Wholesale & Retail Trade", "Hotels and Restaurants", and "Transport and Communication". The primary sector should return to low single digit growth of around 2.0% largely due to a return to normal crop cycles and a forecasted downturn in citrus output. Despite the continued momentum in construction arising from ongoing infrastructural projects and increased output of electricity from domestic suppliers, the secondary sector is expected to contract by 1.0% as a result of the projected downturn in petroleum extraction and agro-manufacturing.

Turning to the external sector, a notable performance improvement is expected, with the current account of the balance of payments (BOP) projected to narrow to 0.5% of GDP as lower interest payments due to the successful restructuring of the super bond, improved earnings from tourism and higher official transfers offset a larger trade deficit. The capital account should post a larger positive balance due to an increase in grant receipts, while concessional loan disbursements under the Petrocaribe arrangement will also bolster net financial inflows. On the other hand, a deceleration in foreign direct investments is likely since sizeable strategic investments such as those made into the sugar industry and for land purchases in 2012 are not currently on the horizon. Even so, the net result should be an overall surplus that boosts the official foreign reserves.

With net foreign assets continuing to exhibit an upward trend, the liquidity of the banking system should remain elevated in 2013. This would contribute to the continuation of downward pressure on domestic interest rates and encourage credit growth, notwithstanding the impact of the next phase of loan write-offs by the banks that are drawing nearer to completing the cycle of adjustments necessary for operational soundness and resiliency.

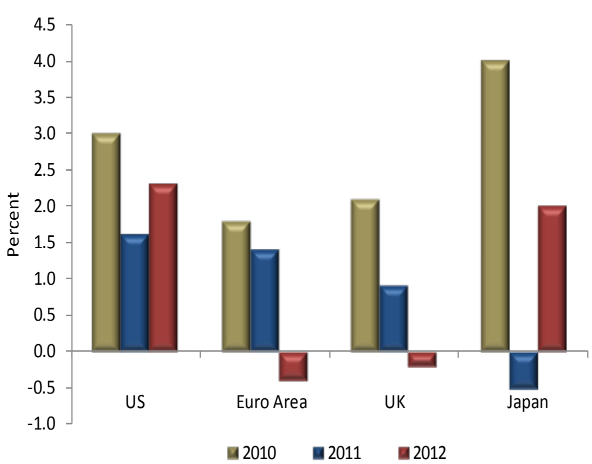
International and Regional Overview

Chart 2.1: Global Growth



Source: IMF

Chart 2.2: Selected Advanced Economies: GDP Growth Rate



Source: IMF

Financial turbulence continued to hinder efforts to engender a stable growth path for economies across the world. Large debt overhangs, fiscal strains, financial sector fragility and rising unemployment provided the backdrop for a slowdown in global growth to 3.0%, as the high growth levels achieved by the developing countries were insufficient to pick up the slack created by the broad based sluggishness of the mature economies. GDP grew by 2.3% in the United States (US), an improvement over the previous year's performance that nonetheless fell short of what is desired from the world's largest economy, which is the principal engine of global expansion. Most of the US growth was in the second half of the year, a time of increased election spending, housing market improvements and a new round of Federal Reserve quantitative easing. The level of unemployment improved marginally, and inflation remained subdued.

Canada grew by 2.0%, led by buoyancy in mining, oil and gas extraction, and increases in business spending and private consumption. Although its proximity and financial ties to the US were important influences, the former was held to be on sounder footing in view of its comparatively stronger fiscal performance and lower level of debt. In contrast, the Euro zone suffered further setbacks. Most of the periphery countries sank into recession as their fiscal sustainability continued to be threatened by large debt overhangs. Financial institutions were subjected to considerable stress, particularly in Italy, Spain and Greece. Meanwhile, relatively strong domestic demand provided only a partial shield from the spillover effects of difficulties in the rest of the area, and growth rates in Germany and France slowed to 0.8% and 0.2%, respectively. With fiscal and banking reforms proposed at the *Euro Area June Summit* doing little to reduce uncertainty and restore business confidence, the entire Euro area registered a 0.4% contraction in 2012.

Even with the boost provided by the London Olympic Games, national output in the United Kingdom (UK) shrank by 0.2%, reflective of weak domestic demand, excessive leverage, euro area turmoil and continued fiscal tightening. While massive reconstruction activities and a slight rebound in manufacturing during the first half of the year underpinned annual growth of 2.0% in Japan, its economy slid into recession during the second half of the year following trade disruptions with China and the end of the government car subsidy program, which had previously spurred demand.

Consistent with the central theme of spillovers, the emerging and developing economies did not escape unscathed from the travails of the advanced economies. Activity slowed due to weaker demand for exports and a dip in direct investment flows. Structural factors and policy tightening also dampened activity as governments began efforts to consolidate their fiscal positions and rebuild buffers, following their earlier counter-cyclical responses to the global financial crisis.

China's growth rate dipped below 8.0% for the first time since 1999, notwithstanding efforts to stimulate domestic consumption. Exports fell, and inventories were built up because of weakened demand in Europe and the US, while residential investments declined due to an overheating of the country's property market. The situation in India was similar, and there was an even more pronounced deceleration, reflecting decreases in foreign direct investment and exports as a political stalemate over structural reforms aimed at promoting foreign investment contributed to project delays and the cooling off of the economy. Closer to home, Mexico achieved growth of 3.8% that was almost on par with 2011, as the steady performances of the services and industrial sectors were boosted by election spending.

In the Caribbean, Trinidad and Tobago, the Bahamas, and St. Vincent and the Grenadines experienced slight upturns,

Chart 2.3: Selected Emerging Economies:
GDP Growth Rate

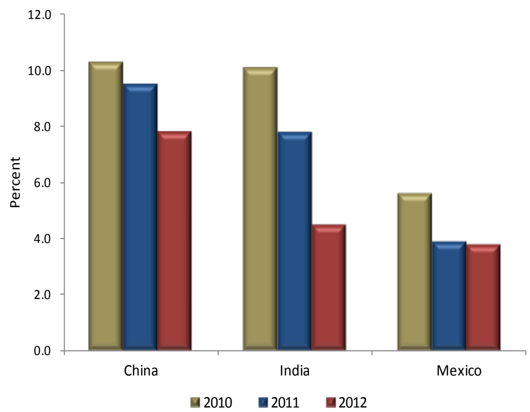
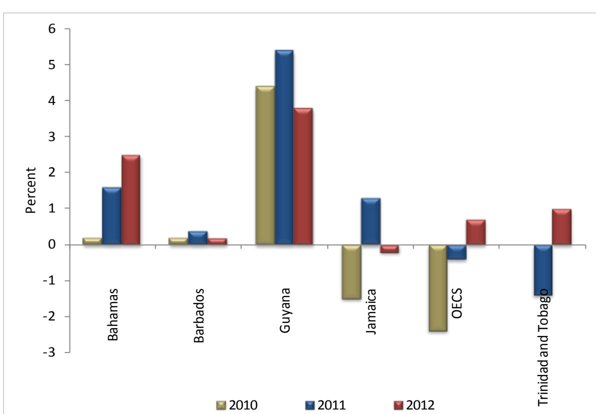


Chart 2.4: Caribbean Economies:
GDP Growth Rate

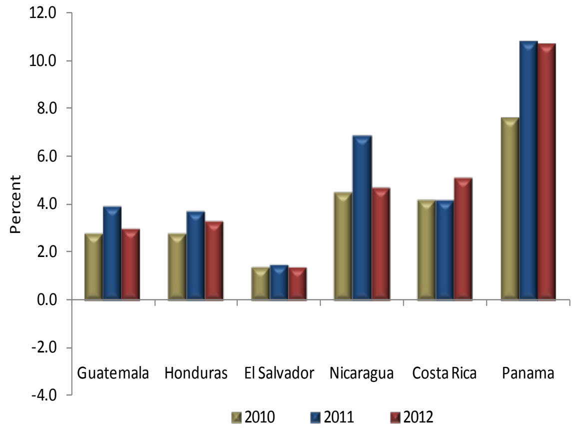


Source: ECLAC

while most of the region had to weather another challenging year due to lingering domestic imbalances, a weaker global environment, higher food prices, natural disasters and crop diseases. Already weak BOP and fiscal positions, which left little room for countercyclical policies, handcuffed the economies of St. Kitts and Nevis, Barbados and Jamaica. St. Kitts and Nevis contracted by 0.9%, and growth in Barbados decelerated to 0.2%, as internal and external imbalances were exacerbated by a dip in visitors, particularly from Europe. Continuing to labour under its heavy debt burden, Jamaica experienced a 0.2% contraction, whilst levels of inflation and unemployment increased. Pressures on the foreign exchange rate intensified due to heightened uncertainty stemming from the prolonged negotiations with the International Monetary Fund (IMF) in the quest to obtain assistance under its Extended Fund Facility. The contentious issues centred on a package of reform measures, including fiscal adjustments that would enable the IMF to give its blessing to a debt exchange.

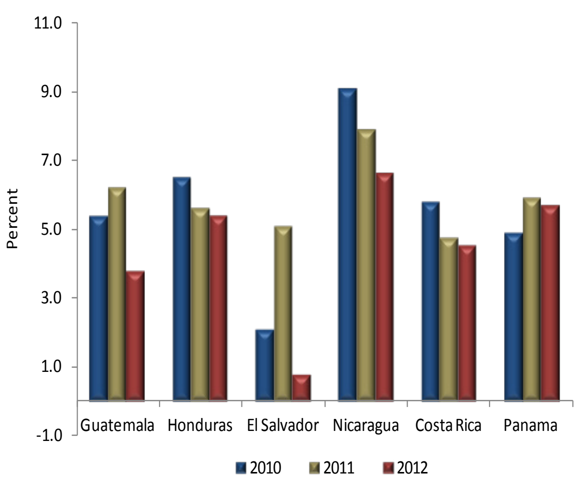
While growth also slowed in Guyana from 5.4% to 3.8%, the downward pressures were cushioned by increased foreign direct investment, an upturn in tourist arrivals and remittance flows from the US, and high prices for gold and its other commodity exports. The Bahamas

Chart 2.5: GDP Growth



Sources: ECLAC and IMF

Chart 2.6: Central America Inflation



Sources: ECLAC and IMF

benefited from improved construction activities as well as a slight upswing in tourism, and growth in St. Vincent and the Grenadines was underpinned by higher tourist arrivals and an uptick in manufacturing activities.

The Central American region continued to grow, notwithstanding the challenging external environment. Tourist arrivals increased by 6.0%, and domestic demand was also boosted by generally low interest rates and higher foreign direct investment inflows. Panama once again led the region with a GDP expansion of 10.7% that was underpinned by an aggressive public sector infrastructure investment programme that included the construction of a metro train system, various housing and highway projects and the continued expansion of the Panama Canal.

Activity in the other countries was more dependent on exogenous factors, such as a gradual recovery in exports, and an upswing in tourism and remittances from the US. Trailing Panama with respective growth rates of 5.1% and 4.7%, Costa Rica experienced gains in transport and communications, while Nicaragua benefitted from increased industrial and financial activities as well as an expansion in the fishing industry. Honduras, Guatemala and El Salvador recorded GDP increases of 3.3%, 3.0%

and 1.4%, respectively. Guatemala's growth was underpinned by an uptick in construction and increases in financial and commercial services. Merchandise exports and inward remittances rose in Honduras, while El Salvador's growth was mainly driven by agriculture and distributive trade.

The regional inflation rate fell from 5.8% to 4.4%, as price easing was registered across all six Central American countries. The softening in the inflation rate reflected lower food and energy prices, and in some instances, the lowering of prices for imported goods and services due to domestic currency appreciation. Fiscal outturns were rather uneven with Nicaragua and El Salvador recording primary surpluses and the other countries posting primary deficits ranging from 0.4% to 2.2% of GDP. Nicaragua and El Salvador were also able to achieve overall surpluses of 0.2% and 0.1% of GDP, respectively, while Costa Rica recorded the largest overall deficit in the region of 4.6% of GDP.

External current account deficits grew as trade gaps widened due to increased spending on imports that reflected volume and price increases, while lower prices on average for sugar, coffee and metals negatively impacted export earnings. Increased inflows of remittances from migrant workers were insufficient to offset the deterioration in the trade balance. Notwithstanding this however, foreign direct investment dipped slightly, but remained, nonetheless, at substantial levels that allowed the gradual build-up in international reserves.

The Financial System

The Central Bank maintained its focus on addressing financial system vulnerabilities in 2012, seeking to build greater resiliency and robustness through regulatory reforms, macro-prudential oversight and projects aimed at improving the efficiency of the financial infrastructure.

Notable progress was made in addressing the level of commercial bank non-performing loans (NPL) as loan provisioning directives that were issued by the Central Bank just prior to the start of the year took effect. Elicited by the rise in the NPL ratio that reached a peak of 16.1% at the end of 2010, the new loan loss provisioning standards specified that up to 70.0% of the loan value should be set aside to cover non-performing loans that are collateralized by mortgages. Commercial banks were required to make minimum monthly or quarterly provisions that would enable full compliance with the revised standards over a three-year transition period. Two banks were granted conditional approval to reach full compliance within a five-year period because of the size of their required adjustments. Subsequent loan write-offs and the phasing in of the provisioning standards over the twelve month period resulted in the NPL ratio falling from 14.5% to 11.0%.

Another important milestone was the successful revision of the Banks and Financial Institutions Act (BFIA) to conform the regulatory framework to international standards and improve administrative efficiency. The new Domestic Banks and Financial Institutions Act, 2012 (DBFIA), was approved by parliament in August 2012 with the date for effectiveness slated to be 1 January 2013. Among its legal stipulations are greater transparency and controls on related party transactions to minimize insider dealings, improved corporate governance through board oversight committees, the adoption of International Financial Reporting Standards (IFRS) by all banks, the establishment of financial holding companies in order to separate the banking activities of a company group from its other commercial businesses, the institution of administrative penalties to discourage non-compliance with Central Bank directives and an improved resolution structure to minimize systemic disruptions.

Efforts to address the shortcomings revealed in the Caribbean Financial Action Task Force (CFATF) Mutual Evaluation Report of 2011 were also heightened, as the Central Bank established an anti-money laundering (AML) unit that is staffed by three bank examiners, two of whom are Certified AML Specialists.

During the year, on-site AML compliance examinations of five credit unions, two domestic banks and two international banks were completed. With technical assistance from the IMF, the Central Bank began taking steps toward the improvement of its capacity to identify money laundering vulnerabilities in the financial system. Meetings were held between various stakeholders and a team of IMF consultants who will be providing guidance on the drafting of a manual that covers on-site and off-site AML monitoring procedures.

The Central Bank's longstanding focus on the viability of individual financial institutions was broadened as the Bank assumed explicit responsibility for stability of the financial system as a whole. In August, a Financial Stability Unit was established under the supervision of a committee comprised of senior personnel of the Research and Financial Sector Supervision Departments. The unit's mandate is to establish a framework for macro-prudential surveillance with a view to identifying financial sector vulnerabilities and recommending strategies for risk mitigation. The first tasks undertaken were a review of Belize's financial sector and an assessment of the current administrative architecture for financial stability oversight in order to identify regulatory gaps or areas for improvements in the analytical tools and data collection methods currently in use.

As part of the Bank's initiative to modernise Belize's financial infrastructure, further strides were made toward the establishment of a national credit bureau with assistance being received from the Canadian International Development Agency (CIDA) and the International Financial Corporation (IFC). The credit bureau project is aimed at improving credit risk assessment and increasing the efficiency of credit distribution. Project developments in 2012 included the Central Bank's initial review of the draft credit bureau law, which will be forwarded for further review to a Legal and Regulatory Working Group that was formed during the year. The latter is comprised of various organizational stakeholders and is mandated to evaluate legislative options in the quest for an appropriately supportive regulatory framework. Preliminary discussions were held with key stakeholders such as the Belize Social Security Board (BSSB) and the Bureau of Standards to seek their cooperation in the development of a credit database and the dispute resolution process. A Request for Solution (RFS) was also drafted, and this will be made available to potential suppliers of credit bureau services to facilitate the selection process.

Project targets in 2013 include the obtaining of parliamentary approval for the Credit Report Act, 2013, the co-hosting of a Credit Reporting Conference for the major stakeholders, the issuance of a Credit Bureau license and the launching of a campaign to heighten awareness of credit reporting across the nation.

Supervision Issues

In fulfillment of its mandate for financial system safety and soundness, the Central Bank conducted on-site examinations of two domestic banks, two international banks and two credit unions. Bank examiners focused on statutory compliance issues including adherence to anti-money laundering/counter terrorist financing regulations and assessed institutional viability and performance as it relates to solvency, liquidity, capital adequacy and risk management.

The commercial banks submitted seventeen applications for credit facilities that exceeded 25.0% of their paid-up and unimpaired capital and reserves to the Central Bank as required by section 21(2) of the BFIA. Approval was granted for nine facilities that amounted to $150.5mn, compared to the five facilities summing to $38.1mn that were approved in the previous year.

Domestic Commercial Banks

Notwithstanding $37.3mn in loan write-offs, commercial bank assets expanded by 7.5% to $2,744.5mn and included increases of 24.6% in cash and balances due from banks, 17.2% in government securities and 2.6% in loans and advances to customers, with the latter representing a rebound from 2011's 0.3% contraction.

The year 2012 represented the first full year of the commercial banks' phased implementation of the new loan loss provisioning requirements and the result was a 41.3% ($32.5mn) rise in the system's loan loss provisions. Additional loan write-offs led to a 7.2% reduction in non-performing loans to $310.mn (as compared to a 3.3% increase in 2011) while the NPL ratio fell from 14.5% in 2011 to 11.0%.

On the liabilities side, deposits rose by 10.9% to $2,289.7mn, more than doubling the previous year's 5.2% increase. In view of the continued growth in liquidity, banks were reluctant to roll over higher-cost time deposits, so the bulk of the growth was in demand and savings deposits, which expanded by 54.6% and 19.2%, respectively. While time deposits decreased by 6.5% for a second consecutive year with its share of total deposits shrinking from 52.0% to 45.0%, demand deposits rose from 22.0% of total system deposits to 31.0%.

Domestic Commercial Banks

Chart 3.1: Assets, Loans and Non-Performing Loans

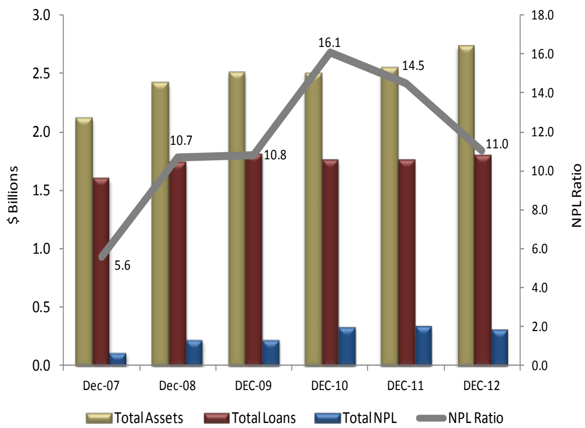


Chart 3.4: Efficiency of the Domestic Banking System

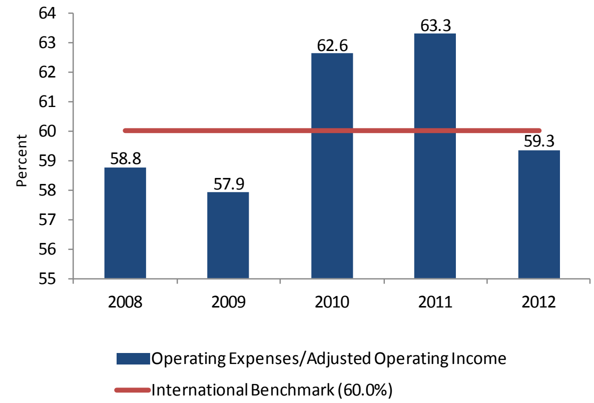


Chart 3.2: Capital Adequacy Ratios

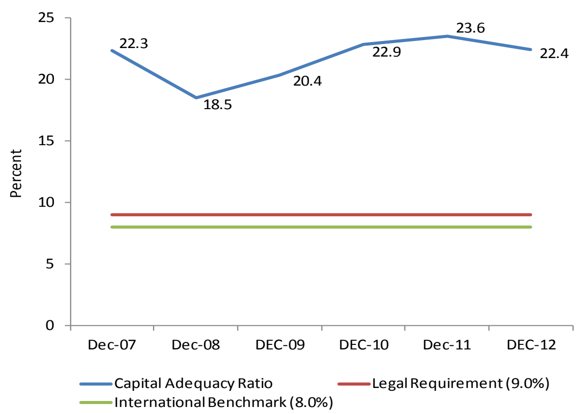
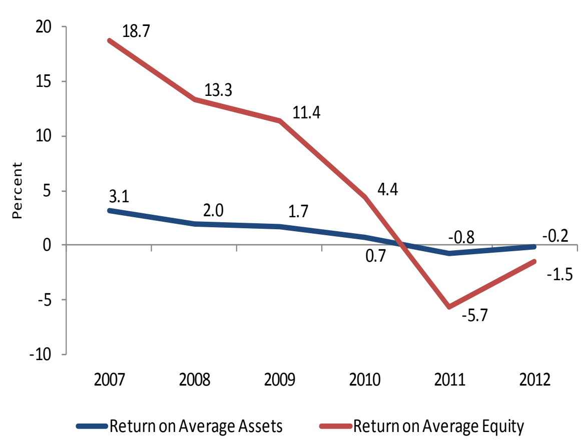


Chart 3.3: Profitability Ratios



Retained earnings posted an 8.3% decline partly due to the loan write-offs and more stringent loan loss provisions and this in turn resulted in a 4.4% contraction in the primary capital of the commercial banks, which stood at $353.9mn. Notwithstanding this, the overall capital adequacy ratio (CAR) of the domestic banking system stood at 22.4% at year-end, with individual CARs ranging from 9.7% to 55.0%, all of which were above the 9.0% legal requirement and the minimum internationally accepted requirement of 8.0%.

The balance sheet adjustments made by the commercial banks resulted in an overall loss of $4.8mn, which was substantially less than the $20.8mn loss recorded in 2011. As a result of the loss, the return on average equity (ROE)

Five Largest Credit Unions

Chart 3.5: Loans, Assets, Cash and Balances Due from Banks

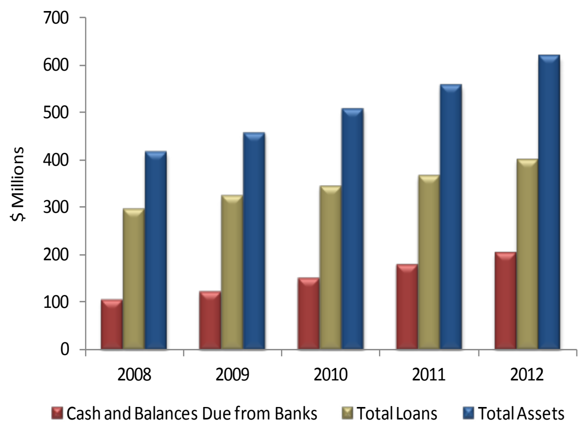


Chart 3.6: Non-Performing Loans

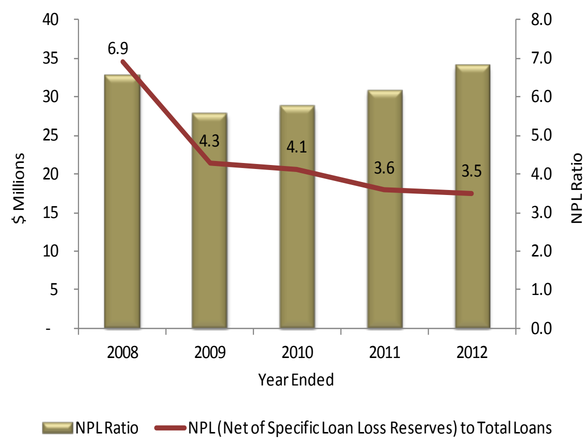
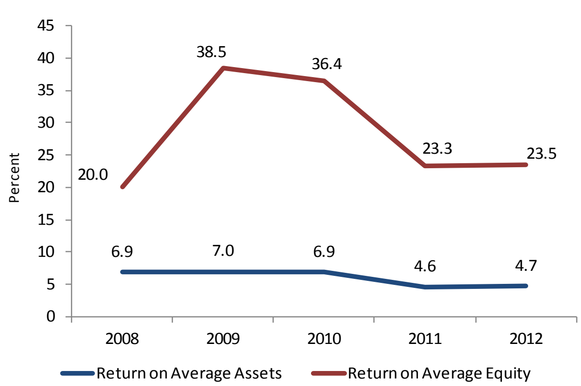


Chart 3.7: Profitability



went from -5.7% in 2011 to -1.5%, and the return on average assets (ROA) went from -0.8% to -0.2%. Meanwhile, the downward drift in deposit interest rates led to a 30.8% contraction in interest expenses that in turn contributed to an improvement in the industry's efficiency indicator, which fell from 63.3% to 59.3% in 2012, just below the international benchmark ceiling of 60.0%.

Credit Unions

Credit union activity continued to trend upward during the year with the assets of the five largest credit unions (the Group) growing by 10.8%, an expansion that reflected increases of 9.9% in loans to customers and 13.2% in liquid assets (cash and balances due from banks). While the Group's NPL increased by 10.6% to $34.1mn, the growth in loans combined with a 12.9% rise in specific loan loss provisions, caused the NPL ratio to decline from 3.6% in 2011 to 3.5%. This marked the fourth consecutive year of declines in the ratio, which continues to be below the 5.0% international benchmark.

Since 2009, when the credit unions had been required to reclassify and divide member shares into the mandatory minimum capital required for membership and the balance as share deposits, total capital has grown steadily, recording a 9.0% increase to $115.8mn in 2012. On the other hand, the ratio of net institutional capital to total assets fell from 10.5% in 2011 to 9.5%, which is just below the 10.0% international benchmark. The net profits of the Group rose by 1.0% to $25.1mn resulting in increases in the ROA (from 4.6% to 4.7%) and ROE (from 23.3% to 23.5%).

International Banks

Chart 3.8: Assets, Loans and Non-Performing Loans

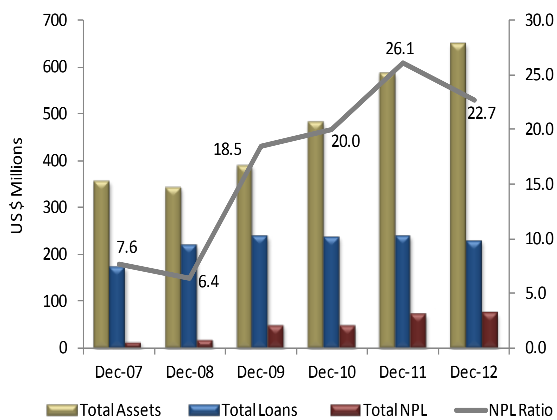


Chart 3.9: Capital Adequacy Ratio

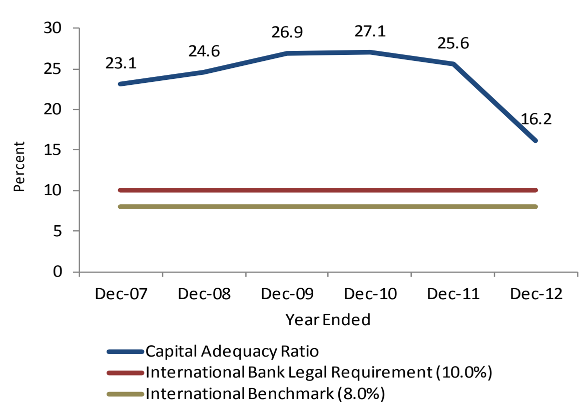
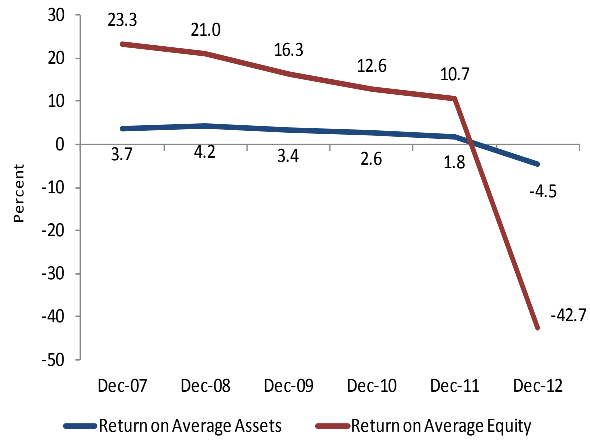


Chart 3.10: Profitability



In August 2012, British Caribbean Bank International Limited was granted permission to revert to the name it previously held, i.e. Belize Bank International Limited.

Unlike the domestic banks and credit unions, there was a deceleration in the asset growth of the international banks from 21.7% to 10.7%. While their cash and balances due from banks and government securities/investments recorded a combined increase of 25.0%, loans and advances declined by 4.4% in contrast to the 1.0% growth that had occurred in 2011. Specific loan loss provisions expanded by 131.7% versus a 3.0% increase in NPL, and the NPL ratio consequently fell from 26.1% to 22.7%.

Deposit growth decelerated from 24.2% to 13.3%, and in their drive to control costs, the international banks presided over a moderate shift in the composition with the share of demand deposits rising from 55.0% of total deposits to 58.0% and that of savings and time deposits falling from 16.0% to 12.0% and from 23.0% to 19.0%, respectively.

Capital nosedived by 34.9% due to the sharp increase in specific loan loss provisions that resulted in a decrease in the industry's CAR from the 25.6% recorded in 2011 to 16.2%. However, the latter continued to be well above the legal requirement of 10.0% and the 8.0% minimum international benchmark.

Because the one-off spike in specific loan loss provisions eclipsed an US$8.3mn growth in non-interest income, a net loss of US$27.7mn was recorded in 2012, compared to the US$6.6mn in net profits realised in the previous year. The ROE and ROA of the international banks consequently fell from 10.7% in 2011 to -42.7% and 1.8% in 2011 to -4.5%, respectively.

Money and Credit

Chart 4.1: Net Foreign Assets

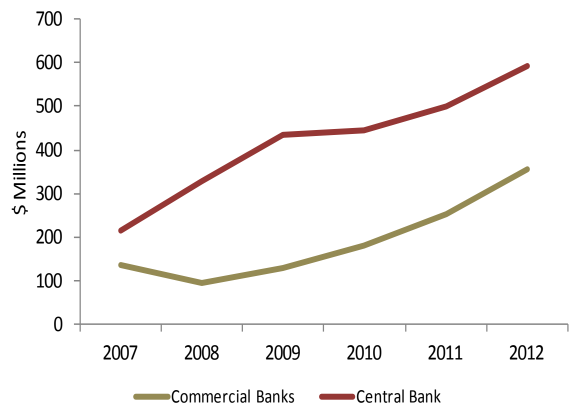
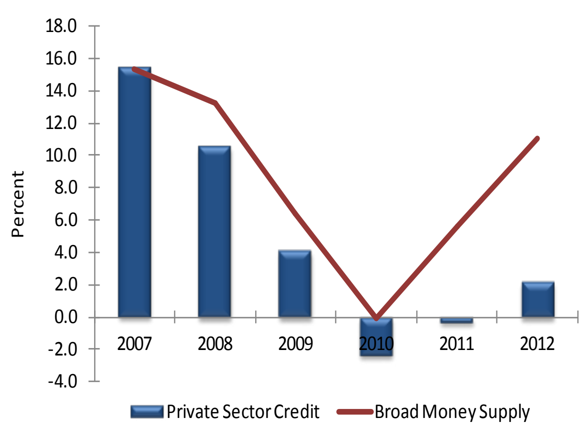


Chart 4.2: Private Sector Credit and Money Supply



Annual monetary growth accelerated from 5.6% to 11.0%, fueled largely by a 26.0% expansion in the net foreign assets of the banking system. Much of this occurred in the first and fourth quarters of the year when heightened economic activity was augmented by increased inflows from tourism, foreign direct investment and external loan disbursements. Even with a widening external current account deficit, these receipts enabled a 40.1% expansion in the net foreign assets of the commercial banks. The Central Bank's net foreign asset position also improved by 18.9% as foreign exchange purchases outweighed sales by $94.0mn. Almost half of the Bank's foreign exchange receipts were derived from sugar exports and the taxes and royalties levied on local petroleum production. Inflows from loan disbursements accounted for 19.3% of the total and foreign exchange purchases from commercial banks for 13.9%. While the Central Bank’s foreign exchange purchases rose by 11.4% in 2012, its outflows declined by 4.2% to $223.8mn. Sales to facilitate Central Government’s external debt obligations accounted for 80.0% of the latter, notwithstanding the fact that only half of the interest due on the 2029 superbond in August was paid.

Two consecutive years of lending reductions was followed by a 3.0% increase in net domestic credit that

Chart 4.3: Net Domestic Credit

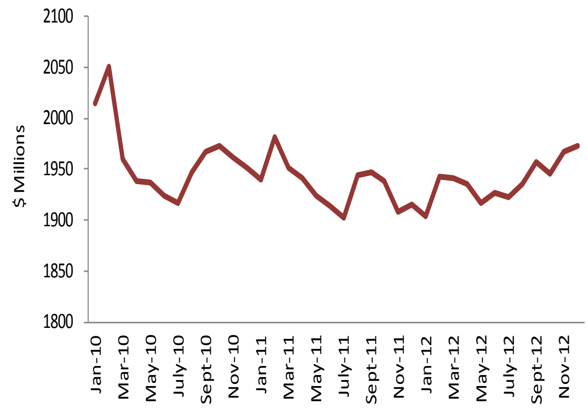


Chart 4.4: Commercial Banks' Loan Distribution

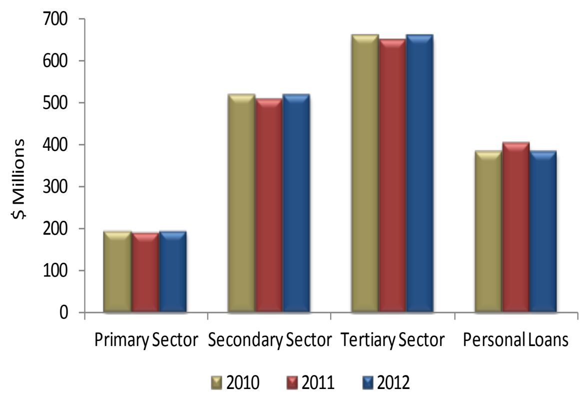
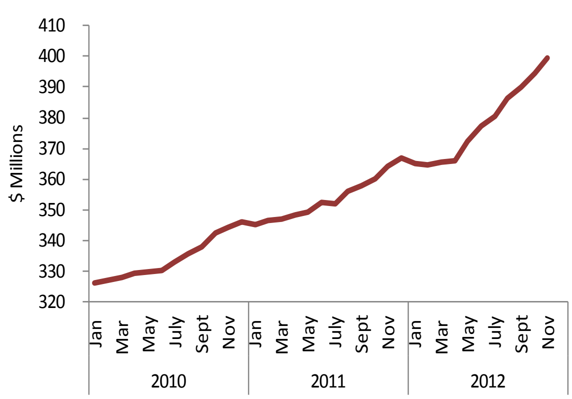


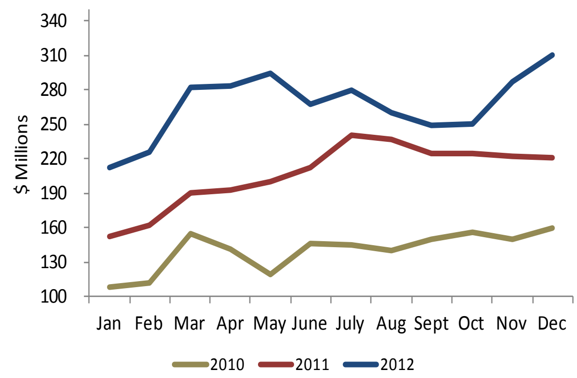
Chart 4.5: Credit Unions' Loans and Advances



included a 2.2% rise in private sector loans. The latter occurred even with commercial bank write-offs of some $37.3mn in non-performing facilities that had been extended to the tourism, transport, commercial real estate and commercial construction subsectors, and combined net repayments of $18.5mn from merchandise distributors and agricultural producers (mainly of banana). Consumer type credit dominated in 2012 with disbursements focusing on personal loans, residential mortgages and funding for home improvements, while loans to the business sector were channelled into infrastructural projects and telecommunications. Meanwhile, lending by the five largest credit unions almost doubled to $36.2mn, compared to the $46.2mn net increase recorded by the commercial banks. As in the case of the latter, most of this was concentrated in consumer financing with lesser amounts being funnelled into agricultural and commercial real estate activities.

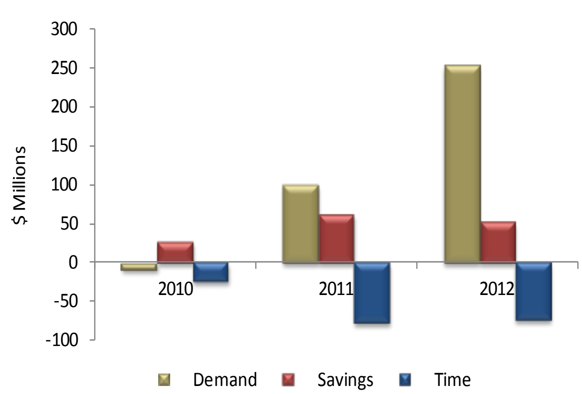
As a result of the slight widening of the fiscal deficit, net domestic credit to Central Government rose by $13.0mn during the year, compared to a $23.6mn contraction in 2011. Most of the financing came from the Central Bank in the form of funds extended through the overdraft facility and deposit withdrawals.

Chart 4.6: Excess Liquidity



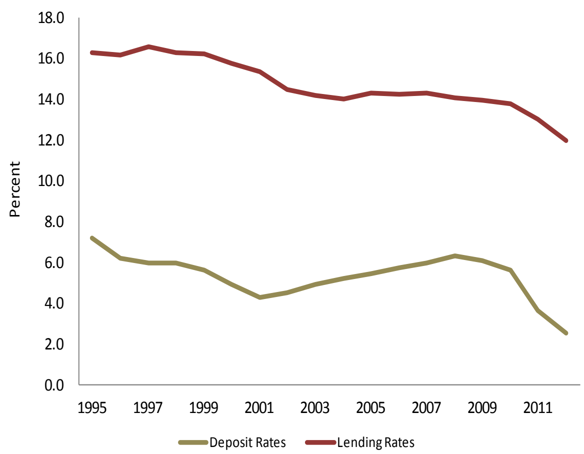
Whilst positive, credit growth was still rather subdued, and when combined with robust foreign inflows, the result was a 40.2% upsurge in excess statutory liquidity to a record high of $310.1mn. Excess cash holdings also soared to $152.6mn, which was 81.6% above requirements. In view of the insufficient supply of government short term securities, the Central Bank was unable to undertake effective mopping up operations. The Central Bank opened the year holding Treasury bills valued at $22.3mn and pursued a policy of divestment upon their maturation. By August, its holdings had fallen to zero, while on the other hand, the commercial banks increased their Treasury bill holdings by an almost identical amount in bouts of intensely competitive biddings that drove the average yield down by 31 basis points to 1.90302% over the year.

Chart 4.7: Annual Growth in Bank Deposits



In response to the ratcheting upward of liquidity, the commercial banks continued to reconfigure the structure of their liabilities by reducing their portfolio of time deposits whilst slashing the interest rates being offered. During the year, the weighted average rate on time deposits fell by 142 basis points to 3.95%, and with rates for savings and demand deposits holding steady, this was the key contributor to the 110 basis points decline in the weighted average deposit rate. At 2.55%, the latter was well below the 5.61% recorded at the

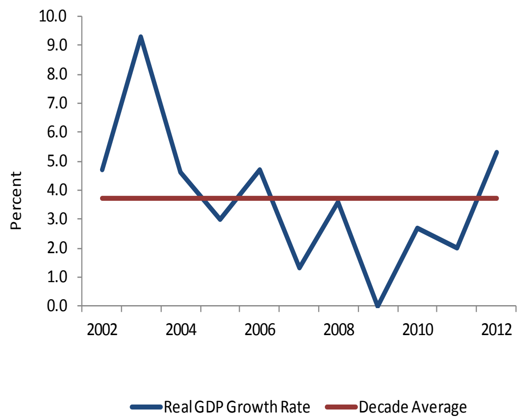
Chart 4.8: Weighted Average Deposit and Lending Rates



end of 2010 when the Central Bank embarked on a number of initiatives aimed at lowering commercial banks' cost of funds to bring both lending and deposit rates more in line with macroeconomic conditions. Since then, the weighted average lending rate has drifted downward by a slower 179 basis points to 11.99% with more than half of this decline (103 basis points) occurring in 2012. The two-tier speed of adjustment reflected structural re-pricing rigidities of existing loan contracts, the unwillingness of customers to seek refinancing alternatives across banks and operational inefficiencies. Moreover, high levels of NPL and necessary adjustments made by banks to clean up their balance sheets and meet the new loan loss provisions have contributed to two consecutive years of banking system losses and hence, the more cautious, less precipitous decline in lending rates. More positively, rates applied on new loans have fallen by a steeper 403 basis points to 10.33% over the two year period with marked reductions across all categories of loans. Notably, rates applied on personal loans were reduced by 545 basis points to 10.12%, while rates on commercial loans fell from 14.20% to 10.81%. Rates applied on new mortgages were 247 basis points lower (to 10.68%) with promotional rates during the latter part of the year falling to as low as 8.5% in some instances.

Developments in the Real Economy

Chart 5.1: Annual Growth Rate of Real GDP



Source: SIB

GDP growth accelerated to 5.3%, fuelled by rebounds in the main agricultural export crops, heightened construction activity and continued buoyancy in overnight tourist arrivals. The primary sector registered a 23.9% upswing that reflected double digit growth in banana, citrus and sugarcane deliveries as well as a rally in "Fishing" due to the increased catch of whole fish and reopening of the country's largest shrimp farm in the first quarter. Activity in the tertiary sector increased for a third consecutive year with "Wholesale and Retail Trade" posting a 7.1% increase that reflected a sharp expansion in imports and 10.2% growth in stay-over tourists, the latter of which also underpinned a 5.3% increase in "Hotels and Restaurants". "Transportation and Communications" also received an upward boost from the substantial investment made by the national telephone company in 4G network technology.

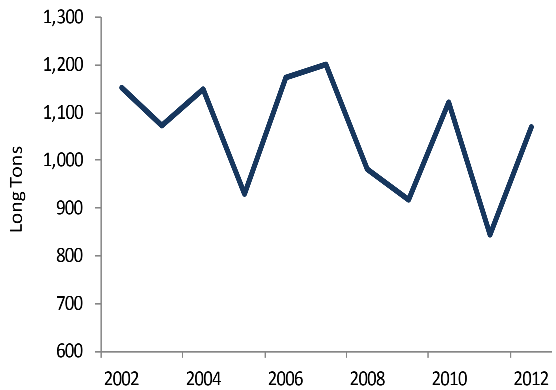
On the downside, the secondary sector contracted by 3.2% as declines in "Electricity and Water" and "Manufacturing" outweighed the spike in construction activity stemming from several public infrastructural projects. In the case of "Manufacturing", heightened production of sugar and citrus juices could not compensate for a 28.6% decline in petroleum extraction. "Electricity and Water" contracted due to an extended drought that reduced the generation of hydroelectricity during the second half of the year.

Agriculture

Sugarcane

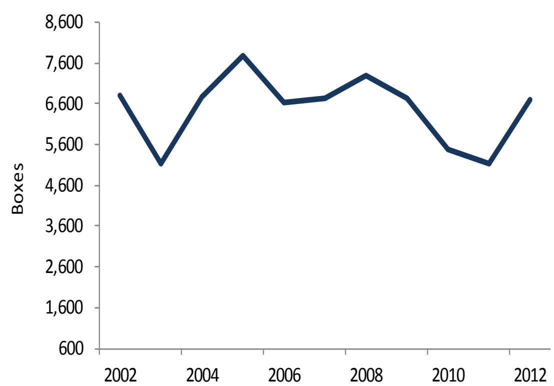
Exhibiting a full recovery from the flood and pest damages sustained in the previous crop year, the 2011/2012 sugarcane harvest achieved a 26.8% rise in deliveries to 1,070,278 long tons. The recovery was attributable to favourable weather and replanting efforts. Crop deliveries were also facilitated by the scheduling system and reduced factory down time. Farmers benefitted from a $4.01 rise in the average price paid for each long ton of sugarcane delivered ($72.13 per long ton) due to the more than doubling of direct consumption sugars sold to the European Union (EU).

Chart 5.2: Sugarcane Deliveries



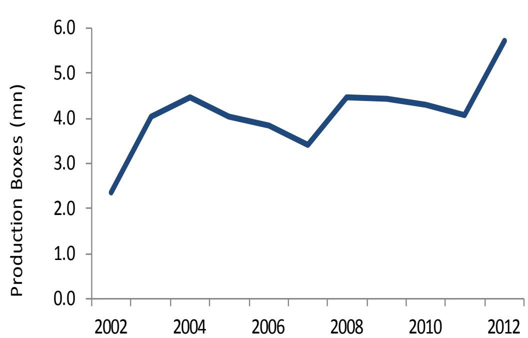
Source: BSI

Chart 5.3: Citrus Fruit Deliveries



Source: BSI

Chart 5.4: Banana Production



Source: BGA

Citrus

The citrus crop also rebounded to normal production levels following disruptions caused by storm damages in the previous year. The 2011/2012 crop year ended in late June with orange and grapefruit deliveries up by 30.6% to 5.8mn boxes and 30.8% to 0.9mn boxes, respectively. As a result of the further strengthening of international prices, the amount paid to farmers for orange increased by 22.9% to $2.31 per pound solid (ps) and the price paid for grapefruit saw an even sharper increase of 58.0% to $2.10 per ps.

Banana

Banana output ratcheted upward by 39.9% to 5.7mn boxes due to the rehabilitation of fields and improved weather. In contrast to the previous year, yields for the February/March harvest cycle were higher due to favourable weather in December 2011 that spurred bunch development. The rehabilitation efforts and good crop management paid off with a 33.2% increase in the average yield per acre from 616 boxes in 2011 to 820 boxes in 2012. At the end of the year, the acreage under cultivation was up by 5.1% to 6,971, while the area under plantilla (young trees not as yet yielding fruits) declined to 191 acres. For the first time, third class bananas were included in the export mix under the terms stipulated in the Banana Growers Association's (BGA) marketing contract

Box 1: Citrus Greening Control

Citrus greening, called Huang Long Bing (HLB), has the potential to wipe out Belize's citrus industry if concerted, industry-wide efforts are not undertaken to control its propagation. The disease is spread by the Asian citrus psyllid, and the most common control methods are the use of disease free saplings and prevention of the spread of the vector through the spraying of insecticides. In 2012, the Citrus Growers Association (CGA) received assistance from Mexico in the form of two green house structures valued at $600,000, and it intends to establish three more green houses for which domestic financing of $1.7mn must be obtained. One of the greenhouses will be used to hold the 'mother plants' from which buds will be derived for the disease free seedlings.

The industry is currently experiencing a three year replanting back log due to the lack of sufficient certified greenhouses devoted to the production of healthy seedlings. While several of the large producers have their own nurseries, these (as well as those belonging to the CGA) need to annually undergo the rigorous vetting process instituted by the Belize Agriculture Health Authority (BAHA) in order to be officially certified and allowed to commercially supply seedlings. Failing this, there is a danger of diseased plants being spread uncontrollably throughout the industry. The certification of 2 green houses in 2012 and12 in 2013, including the opening of the CGA nursery in March 2013, should provide 284,220 seedlings by December 2013. By May 2014, annual production should be approximately 500,000 seedlings, sufficient to satisfy the customary, annual demand. The needs of the industry could easily double, however, due to the impact of citrus greening.

Another initiative is the development of the "Area Wide Integrated Management Systems" (AIMS) approach, which separates the industry into four "Citrus Production Management Areas" (CPMAs). A major goal of AIMS is to reduce the Asian citrus psyllid population through coordinated spraying by farmers. Under the CPMAs project, farmers did simultaneous spraying of approximately 70.2% of all commercial farms between October and December of 2012. The project was jointly financed by CGA, the Food and Agriculture Organization (FAO) of the United Nations and CGA farmers who contributed $0.04 per box of fruit delivered during the year.

The CGA is also looking at new techniques to minimize disease and pest infestation and to increase production by improving the citrus nutrition program. Part of this is the development of an integrated pest management system, which not only entails spraying and fertilizing but also the biological control of the psyllid vector. Research into beneficial fungi and the development of a wasp reproduction and feeding facility is currently underway in this regard.

In other developments, BAHA confirmed that it has been successful in combating citrus leprosy. This disease first surfaced in a 20 acre swath in the Kendall area and later spread to some 40 acres. However, as of late November 2012, BAHA reported that the disease was fully contained and possibly eradicated. Further tests will be conducted when the rainy season commences in 2013 to ensure that there is no recurrence.

with Fyffes. Second and third class bananas accounted for approximately 8.0% of the quantity exported.

Papaya

Papaya output was down for the second consecutive year due to viral infections that continue to plague the industry. During the first half of the year, crop losses were experienced that led to a reduction in acreage under cultivation and a 32.4% drop in annual output to 36.3mn pounds.

Other Agricultural Production

The out-turn for the grain and bean crops was mixed. Expansion in acreage led to marked increases in bean and soybean production of 42.7% and 77.5% to 28.5mn and 2.3mn pounds, respectively. Sorghum also grew by 53.7% to 33.8mn pounds due to increases in acreage and average yield. On the downside, annual rice output continued to fall, declining by 35.4% to 27.2mn pounds. The contraction was most pronounced in northern Belize, where farms slashed productive acreage by 61.5% and decreased output by 11.1mn pounds. This decline in acreage is reflective of the conversion of one of the region's largest rice farms to corn production. With new entrants still in the planting stage, corn production fell by 4.1% to 132.6mn pounds.

In the case of vegetable and root crops, production of Irish potatoes, carrots, cabbage, cauliflower, celery and tomato rose due to increased acreages and average yields. This was offset by lower output of hot pepper, squash, onion, broccoli, pumpkin and cucumber that reflected reductions in both acreage and average yields. While the area under plantain cultivation increased, output fell by 6.8%, as a lower yield per acre wiped out gains from a larger acreage. Poultry production rose by 3.2% to 3.2mn pounds, and cattle dressed weight rose by 3.8% to 3.7mn pounds. Output of milk and pig dressed weights recorded double digit increases of 36.5% and 19.2%, respectively.

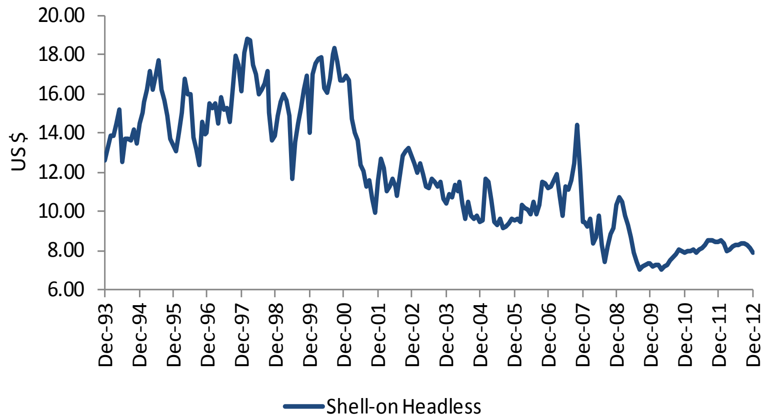
Marine Products

Marine products increased by 13.5%, mainly due to increases in shrimp and whole fish. The partial sale of BAL to a foreign investor and its subsequent reopening in the first quarter of the year contributed to a 15.3% rise in farmed shrimp output, and there was also a spike in whole fish production from cooperatives in southern Belize. Upturns in the reproductive cycle of conch and lobster helped to boost their wild capture by 26.7% to 1.1mn pounds and 8.0% to 0.7mn pounds, respectively. On the other hand, no cobia was produced during the year. In mid 2011, the lone

Box 2: Farmed Shrimp Industry

Local shrimp production grew rapidly at the turn of the century as very high prices and profits lured new entrants to the industry. During the 1997-2000 period, global prices for headless shell-on shrimp averaged US$16.22 per pound, reflecting a combination of demand pull from the major importing countries of the United States and Japan, as well as supply shocks caused by viral diseases that plagued farms in China, Thailand and Ecuador. There were few natural barriers to entry in Belize with both land and labor being relatively inexpensive during the 1990s and with the geographic topography providing easy accessibility to freshwater for pond operations. In this environment, the number of moderately large farms climbed to 13 by early 2000.

Chart A: Shrimp Prices



Source: indexmundi

However, the industry was dealt a hard blow in the following years as global prices fell sharply. Substantial increases in global stocks reflected technological advancements, the switch by some producers to White Pacific Vannamei (white shrimp) from the black tiger variety, the controversial use of antibiotics to boost shrimp resistance to disease and an upsurge in wild capture. As a result of the near flooding of international markets, global prices were slashed to US$9.45 per pound by the end of December 2004.

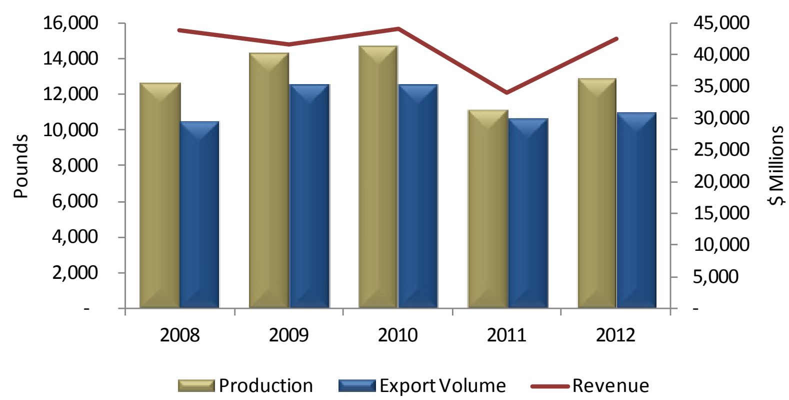
Local farms began to feel the squeeze from depressed world market prices at a time when operational costs, particularly for energy, feed and financing, were rising. Moreover, mass production and hurricane impact contributed to the appearance of the viral disease, Taura, in 2002. Export receipts, which peaked at $92.8mn in 2003 (inclusive of wild capture), fell to $60.5mn in 2005 and progressively declined until a ten-year low of $33.9mn was reached by the end of 2011. Over this period, the number of farmed shrimp producers declined to five with the two largest producers, NOVA and Belize Aquaculture Limited (BAL), ceasing operations in 2006 and 2010, respectively.

In the first quarter of 2012, BAL was able to resume operations under a new joint venture agreement thus raising the number of active shrimp farms to six. Its reopening was financed by the sale of 50% ownership to Seafresh Industry Invest (SII) of the UK, a subsidiary of Seafresh Industry of Thailand. Under the new management, Box 2: Farmed Shrimp Industry continued

the focus is primarily on increasing unit productivity. A piece-work compensation strategy was immediately implemented in an attempt to raise efficiency to the level of other regional shrimp farms whilst curbing costs. Whereas shrimp farm workers in Honduras and Guatemala produce an average of 6 pounds of headless, deveined shrimp per hour, Belizean shrimp farm workers had been producing only half of that on average. Additional investments of roughly $10.0mn in the building of new ponds and the purchasing of machinery and equipment are expected to cause production to double in 2013 and triple in 3 years to reach 20 million pounds.

Farm estimates for 2013 are for total shrimp production to climb to approximately 23mn pounds, equaling the peak output achieved in 2006. While the re-emergence of BAL will drive production, modest increases are also expected from other farms such as Paradise, Texmar and Royal Mayan, which have been using improved production techniques. As an example, Royal Mayan doubled its production over the last few years without increasing the number of ponds by utilizing a nursery system which reduced shrimp mortality and thus raised output per acre.

Chart B: Shrimp Production, Export and Value



Source: SIB

Going forward, the future of the industry will depend on how well the local shrimp farms can reposition themselves in a highly competitive global landscape. Demand should continue to rise as the global middle class expands, particularly in the emerging economies. The focus therefore needs to be on productivity gains and cost reduction. In comparison with other countries, the local shrimp industry has been relatively disease-free with Belize and Venezuela being the only countries in the Americas that grow shrimp which have not been contaminated by the White Spot Virus. Latest reports are that the industry and BAHA have already begun to put in place stricter rules to prevent disease from entering the country, especially from Mexico where the White Spot Virus and other diseases have dampened production.

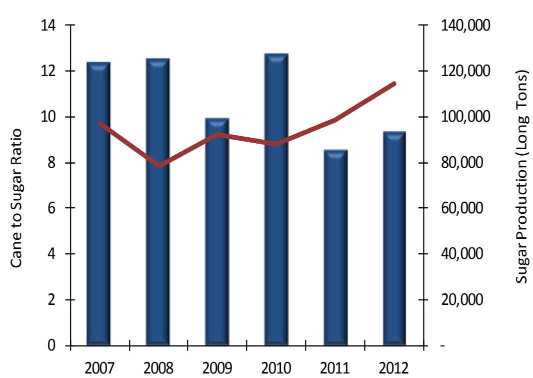
cobia producer, Marine Farms Belize, ceased operating amid discussions on the possible sale of its parent company to another investor. Its activities were subsequently limited to maintenance of the hatchery and equipment.

Manufacturing

Sugar and Molasses

While sugarcane deliveries surged upward by 26.8%, this was somewhat tempered by a reduction in the crop's sugar content (pol of 12.3% compared to 13.7% for the previous crop). The industry was nevertheless able to surpass the 100,000 long ton threshhold for the first time since the 2005/2006 crop as sugar output rose by 16.3% to 114,536 long tons. Production of molasses also posted a 7.8% gain to 30,955 long tons.

Chart 5.5: Sugar Production and Cane to Sugar Ratio



Source: BSI

Citrus Juices, Citrus Oil and Pulp

Even with a mixed juice out-turn per box of fruit, citrus juice production rose by 28.3% to 39.9mn ps as a result of the spike in citrus fruit deliveries. For orange, the average juice out-turn per box fell by 0.9% to 6.31 ps, while that of grapefruit increased by 2.2% to 4.03 ps per box of fruit.

Accounting for 91.0% and 8.2% of juice production, respectively, output of orange concentrate rose by 29.4% to 36.3mn ps, while that of grapefruit concentrate increased by 23.5% to 3.3mn ps. Output of by-products was on the upside as well with production of pulp and citrus oil growing by 55.9% and 38.4%, respectively, to 2.9mn and 2.2mn pounds. In contrast, not-from-concentrate (NFC) production accounted for only 0.7% of juice output and was 19.2% lower than the previous year.

Other Manufacturing Production

Downturns in petroleum and fertilizer were partly offset by increased production of flour, beer and soft drinks. Beer registered the strongest increase of 14.6%, while soft drinks and flour were up by 4.6% and 1.3%, respectively. Fertilizer output fell by 2.1%, its second consecutive year of decline. There was no production of cigarettes as the factory announced its formal closure.

Box 3: Belize Sugar Industry

A series of poor sugarcane harvests caused by severe storms, floods and pest infestation caused a weakening of BSI's financial position since 2006. The situation was exacerbated by its decision to construct a cogeneration plant during the 2007-2009 period, as this resulted in an already cash-squeezed company becoming overleveraged and in dire need of a strategic investor to infuse equity that would return the company to a sustainable financial position.

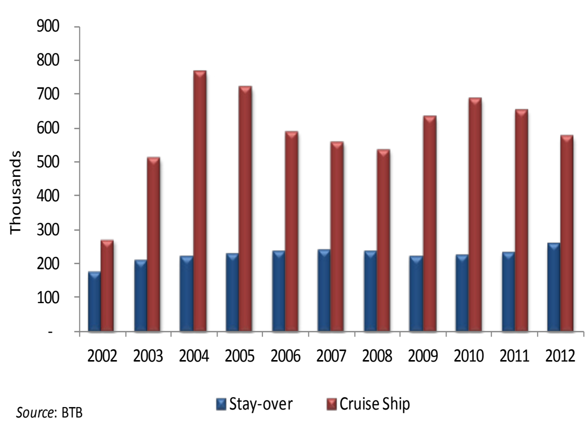
While interest was expressed by Banco Atlántida in 2011, a formal offer was never made due to the vociferous opposition of the sugarcane farmers association, which was trying to raise funds to buy the factory and keep it in local hands. The latter's efforts were unsuccessful however, and BSI continued to explore its options as mandated by its cash flow problems and inability to secure the long term external financing that it needed. After months of negotiations involving the various industry stakeholders, the majority of the BSI shares was sold to American Sugar Refining (ASR), which already had a vested interest through its ownership of Tate and Lyle, the marketer of the sugar produced by the company and a minor shareholder. The deal that was finalized in September 2012 resulted in ASR's acquisition of 79.1% of the BSI shares with the remaining 20.9% being held by the government and BSI's Employee Holdings Limited. Subsequently, ASR increased its holdings by a further 2.09%.

Approximately US$100.0mn was invested by ASR with some 65.0% of the cash infusion being used to pay off BSI's external debts and the balance being used for factory modernization and other expenses. The sale of shares to ASR was initially met by protests from various industry stakeholders due to the substantial concessions it was granted by the government as part of the latter's efforts to broker the deal. Industrial relations have grown to be quite affable since then, however. As part of the purchase agreement, factory workers were assured job security, a payment plan was instituted for the $5.2mn owed in dividends to factory workers, and ASR made a commitment to honour the collective bargaining agreement with the Belize Workers Union and all others in place at the time that it assumed majority ownership.

BSI has seen immediate benefits from the technical expertise brought by ASR, which also owns and operates sugar refineries across the United States, Canada, Mexico and Europe. The milling rate for sugarcane has increased notably and processing capacity has been expanded by the addition of an evaporator. Going forward, ASR is targeting an increase in processing capacity to 1.8 million long tons of sugarcane and 180,000 long tons of sugar, which provides an opportunity for local sugarcane growers to significantly increase their output and earnings.

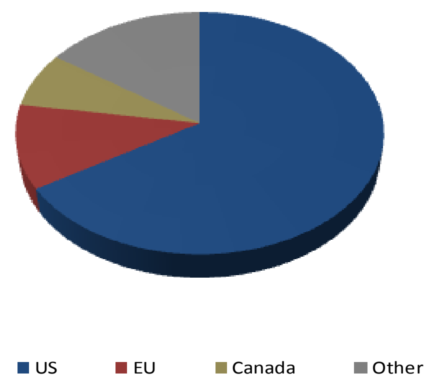
Petroleum extraction plummeted by 26.8% to 1,029,938 barrels, reflecting declines at the Spanish Lookout and Never Delay oil fields of 24.5% and 57.4%, respectively. The daily extraction rate from the Spanish Lookout field averaged 2,708 barrels, approximately 879 barrels less than 2011. Some 47.8% or 8.6mn of the 18.0mn barrels in extractable reserves have been recovered from Spanish Lookout after seven years of commercial production. In an attempt to slow the decline in production, the oil producer will start to drill horizontal wells in early 2013 to improve the extraction rate of this field. A full year of production at the Never Delay field yielded a lower output than the ten months of operation for 2011. Alternative extraction techniques are therefore being explored at this field to tap into its full potential.

Chart 5.6: Tourist Visitors



Source: BTB

Chart 5.7: Composition of Stay-Over Tourist Arrivals



Tourism

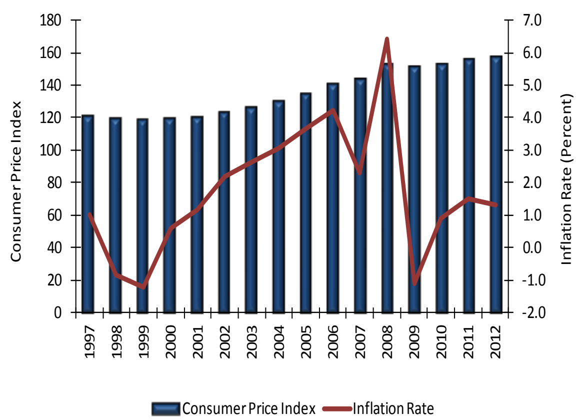
According to the World Tourism Organization, international tourist arrivals grew by 3.8% in 2012, surpassing the one billion visitor mark for the first time in history. At 6.8%, the growth was highest in the Asian and Pacific region with the emerging economies experiencing higher visitor growth than the advanced economies (4.1% versus 3.6%). The Western Hemisphere saw increases of 6.0% and 4.0% in tourist arrivals in Central America and the Caribbean, respectively. The outlook for 2013 is for growth in arrivals, notwithstanding the economic problems that are plaguing key markets.

On the domestic front, overnight visitors to Belize rose by 10.3% to 257,291 during the year, as a 17.1% growth in visitors through the Philip Goldson

International Airport eclipsed respective decreases of 10.9% and 22.8% in visitors entering through the land and sea ports. While visitors from the US and Canada were up by 13.9% and 27.0%, respectively, there was an 8.4% downturn in visitors from the EU as that region continued to experience economic turmoil.

In contrast to the overnight segment, cruise ship disembarkations fell for the second consecutive year, declining by 11.9% to 576,661 even with a four ship increase in port calls. The decline reflected the use of smaller vessels, existing infrastructural limitations on docking and tendering, as well as the expansion of routes by North American cruise ships to alternative long-haul, non-traditional destinations.

Chart 5.8: Consumer Price Index



Source: SIB

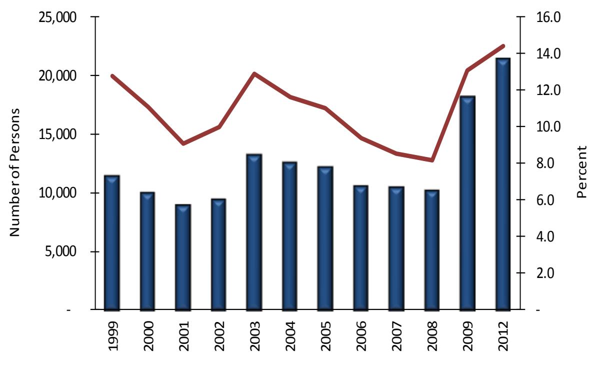
Prices

The reduced volatility of global oil prices contributed to a softening of international inflation rates and a lower increase in the domestic average price level of 1.3%, compared to 1.5% in 2011. The largest price increases were in "Health" (4.1%), "Recreation and Culture" (3.6%), and "Miscellaneous Goods and Services" (3.1%). Fuel dependent categories of the CPI basket registered moderate increases with "Transportation" up by 2.3% and "Housing, Water, Electricity, Gas and Other Fuels" up by 0.4%, as higher prices for gasoline and diesel were juxtaposed with lower prices for butane. A drought in the US led to increased feed prices, which were passed through subsequently to the local market and pushed up poultry prices as well. As a result, the "Food and Non-Alcoholic Beverages" index rose by 2.4%. "Furnishing, Household Equipment and Routine Household Maintenance" registered a 0.7% decrease.

Employment

Since labour force surveys were not undertaken in 2010 and 2011, there were no statistics for those years that would enable a proper comparison with the employment figures of 2009. After a three year lapse, the Statistical Institute of Belize (SIB) conducted labour force surveys in April and September 2012, which are considered to be the seasonal high and low periods for

Chart 5.9: Unemployment



Source: SIB

employment. Comparing April 2012 with April 2009, the results indicated that the unemployment rate had risen from 13.1% to 14.4%. Over the three year period, the labour force grew by 6.8% to 148,093 persons, while job opportunities expanded by 5.2%. The September labour force survey indicated that between April and September, the labour force expanded by approximately 2,918 persons, while the number of jobs declined by 98 partly due to the seasonal slowdown in the second half of the year. The unemployment rate consequently increased to 16.1%.

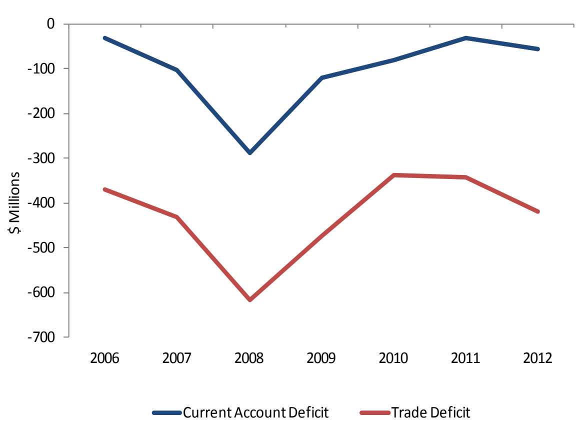
Foreign Trade and Payments

Table 6.1: Balance of Payments

$mn

	2010 Net	2011 Net	2012 Net
CURRENT ACCOUNT	**-80.1**	**-31.8**	**-57.1**
Merchandise Trade	-337.8	-341.8	-419.7
Services	351.0	338.9	451.6
Primary Income	-277.0	-196.4	-240.6
Secondary Income	183.7	167.5	151.6
CAPITAL ACCOUNT	**11.3**	**47.3**	**45.0**
FINANCIAL ACCOUNT	**-54.4**	**-37.8**	**-146.2**
NET ERRORS AND OMMISSIONS	23.0	-17.4	-28.5
FINANCING	8.6	36.2	105.6
Memo Items:			
Monthly Import Coverage	**3.6**	**3.3**	**3.8**
Monthly Import Coverage net of CFZ Imports	**4.5**	**4.3**	**4.6**
Current Account/GDP Ratio (%)	**-2.9**	**-1.1**	**-1.8**

Chart 6.1: Current Account and Trade Deficit

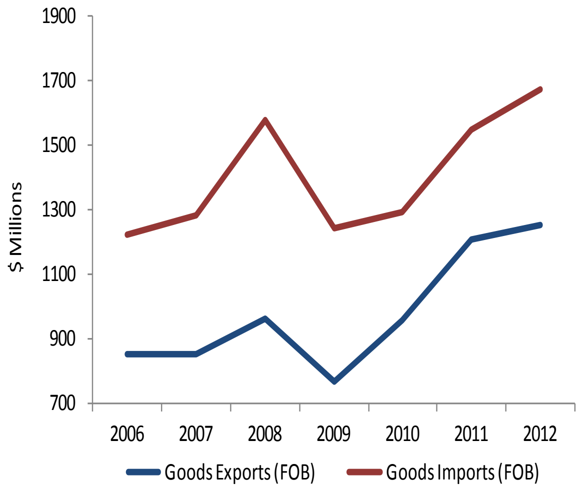


Strong growth in net earnings from services in 2012 was more than offset by the combination of an upsurge in the merchandise trade deficit and profit repatriation as well as lower net inflows from remittances and insurance companies. After three consecutive years of decline, the external current account deficit consequently rose from 1.1% to 1.8% of GDP. The shortfall was covered by a surplus on the capital account and an upsurge in net foreign direct investment inflows that also facilitated a build up in foreign asset holdings. The gross international reserves consequently rose by $105.6mn to $577.8mn, which was equivalent to 3.8 months of merchandise imports.

Merchandise Trade

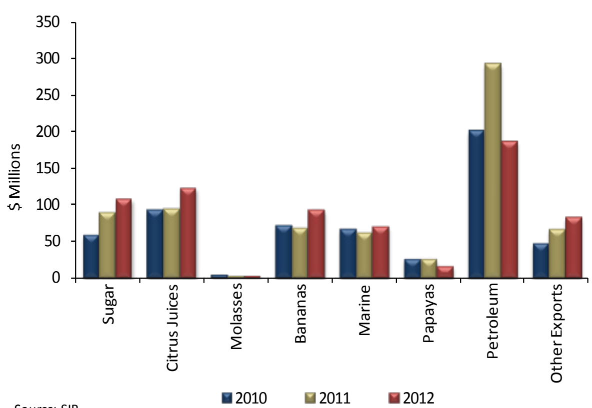
In comparison with a 1.1% rise in 2011, the merchandise trade deficit registered a 22.8% expansion to $419.7mn (13.3% of GDP). Imports grew by $125.1mn (8.1%) with a 13.2% increase in goods for domestic consumption that was dominated by heavy machinery, cement, electricity and fuel. Contrasting with this, an inventory overhang from the previous year caused commercial free zone (CFZ) companies to slash imports by 9.3%. Exports increased by $47.2mn (3.9%) with expansions in CFZ sales and re-exports masking a modest fall in earnings from domestic exports as reduced exports of petroleum and papaya neutralized the revenue gains from other commodities.

Chart 6.2: Merchandise Exports and Imports



Source: SIB

Chart 6.3: Domestic Exports



Source: SIB

Domestic Exports

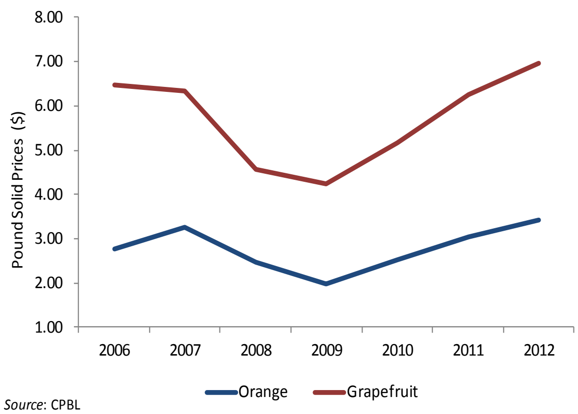
Sugar and Molasses

Receipts from sugar exports increased by 19.6% to $107.8mn, reflecting volume and price increases of 19.9% and 9.4%, respectively. Rising world prices motivated traditional buyers such as Tate and Lyle to offer a premium on the base reference price of €335.0 per metric ton in order to attract and retain suppliers. The average price consequently increased to €400.0 per metric ton. With the EU's 'Fair Trade' premium of US$60.0 per metric ton providing an additional motivating factor, some 82.3% of sales went to that market with 17.6% going to the US and Canada receiving the remainder. Molasses exports rose by 5.6% to 22,135 long tons, while revenues increased by 11.7% to $3.8mn due to modest price improvements caused by production shortfalls in major producers such as India and Afghanistan.

Citrus Juices and Pulp

Citrus juice export volume grew by 18.0% with sales of grapefruit and orange concentrate increasing by 39.1% (to 4.0mn ps) and 15.8% (to 32.2mn ps), respectively. Revenues increased by 29.7% with more favourable international prices providing an additional boost. Income from sales of orange concentrate rose by 26.5% to $108.8mn as prices strengthened due to declines in Florida's juice stocks and the decision of Brazilian

Chart 6.4: Citrus Prices



Source: CPBL

producers to focus on rebuilding depleted inventories. Accounting for 31.9% of export volume and 30.3% of revenue, the Caribbean maintained its position as the largest market for the second consecutive year. The US was second with 28.4% of sale volume and 27.0% of earnings. Sales to Europe quadrupled in volume, while revenues increased by 353.0%, facilitated by an 11.6% price improvement.

Following a two year hiatus, the export of orange NFC juices recommenced on a small scale as 0.02mn ps was sold at a value of $0.1mn.

Prices for grapefruit juice rallied in almost all markets due to a smaller harvest in Texas and lower juice stocks in Florida, and the combination of price and volume increases led to earnings being elevated by 59.4% to $14.3mn. The volume exported to Europe, the largest market, increased by 20.8% with receipts up by 37.3%. In the Caribbean, however, a 21.7% rise in volume yielded a 20.2% increase in earnings due to a $0.45 decline in the average unit price. Exports of grapefruit concentrate to other markets grew by 85.9% while revenues more than doubled to $5.1mn. Freeze concentrate sales to Japan accounted for $1.2mn of the latter. During the year, pulp exports held steady at 1.9mn pounds valued at $1.5mn.

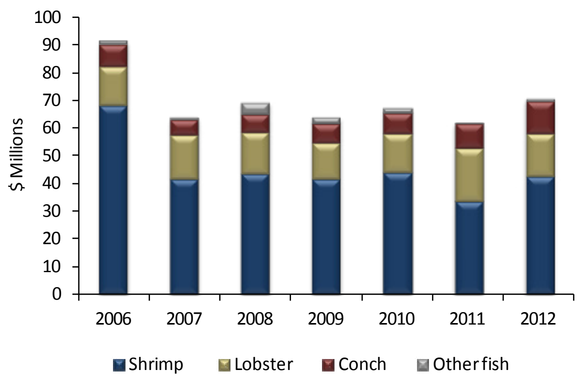
Banana

Favourable weather and the rehabilitation of storm-damaged acreages boosted annual banana exports by 39.9% to 103,710 metric tons, which was just above the 100,000 metric tons production milestone that the industry has been aiming for since its inception. While improved fruit quality pushed the per box penalty down from $0.038 to $0.014, the inclusion of third class banana in the export mix resulted in a 2.5% decline in the average price, and revenues consequently increased less than proportionately by 36.4% to $92.6mn. Upon entering the final year of its exclusive marketing contract with Fyffes, the BGA negotiated another five year exclusive marketing contract that will commence in January 2013.

Marine Products

The volume of marine exports fell by 1.1% to 13.2mn pounds, however,

Chart 6.5: Exports of Marine Products



Source: SIB

revenues increased by 13.4% to $70.9mn mainly due to higher earnings from shrimp and conch. Earnings from shrimp surged upward by 25.2% to $42.5mn largely due to a 21.1% improvement in price. While the volume exported rose by only 3.4%, producers focused on niche markets where demand and pricing arrangements were more favourable. A higher export volume underpinned a 37.4% increase in conch revenue to $12.0mn, as the average price remained relatively stable. Revenues from fish exports also vaulted upward by 46.7% to $0.9mn, notwithstanding a 68.1% decrease in volume. In contrast, lobster receipts plunged by 19.5% to $15.5mn, as an 8.0% volume increase failed to compensate for a 25.5% fall in the average unit price.

Other Major Exports

Petroleum remained the lead export commodity with earnings of $186.3mn, notwithstanding volume and revenue declines of 33.8% and 36.2%, respectively. While the average price per barrel dipped by 2.7% to US$104.45, it was still US$14.45 above the threshold at which the domestic petroleum surcharge becomes applicable. The papaya industry continued to experience production challenges during the year as a result of severe viral infections. Export volume consequently declined by 29.3% to 42.8mn pounds with receipts plunging by 40.2% to $15.5mn, as the fall in export earnings was further exacerbated by a $0.07 decrease in the average price per pound.

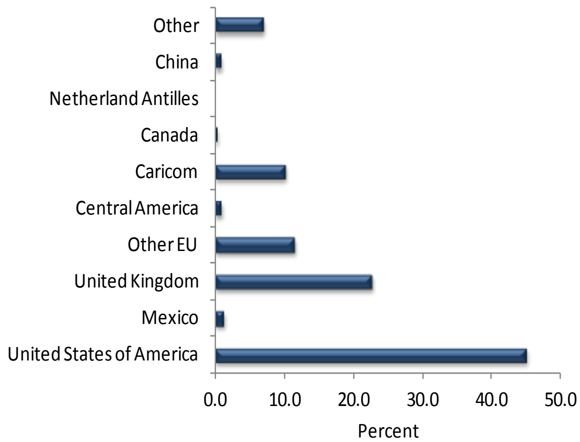
Non-Traditional Exports

Revenues from non-traditional exports increased by 25.6% to $83.2mn, as higher receipts from sawn wood, fresh oranges, orange oil, beans, and other miscellaneous exports outweighed lower earnings from pepper sauces, black eye peas and grapefruit oils. Higher volumes accounted for the rise in sawn wood and fresh orange earnings, and improved prices boosted revenues from orange oil. On the other hand, lower prices accounted for the fall in revenues from pepper sauces.

Re-Exports

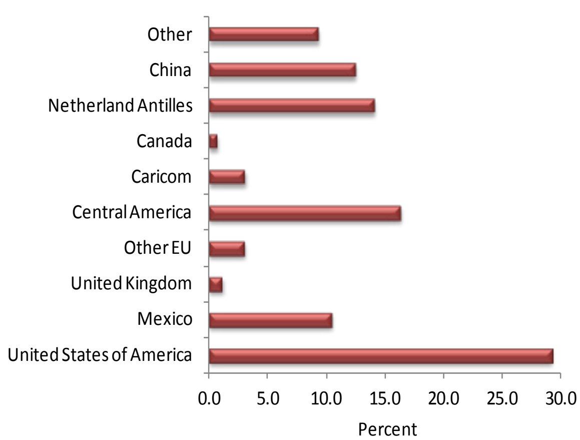
Re-exports grew by 13.6%, reflecting increased sales from the CFZ and the customs area. At $493.7mn, receipts from CFZ sales were up by 12.6% as

Chart 6.6: Direction of Visible Trade in 2012 - Exports



Source: SIB

Chart 6.7: Direction of Visible Trade in 2012 - Imports



Source: SIB

the continuing growth of the Mexican economy contributed to cross border trade. The expansion in other re-exports was mostly due to "Manufactured Goods" and "Machinery and Transport Equipment" such as industrial drilling/boring equipment, road works/construction machinery and boats/yachts.

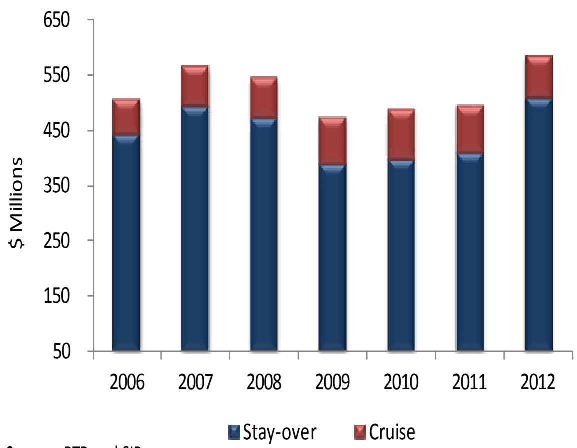
Gross Imports

While imports (FOB) for the CFZ fell by $32.9mn, those destined for the domestic market expanded by $158.0mn during the year. Outlays for the "Machinery and Transport Equipment" category increased by $67.0mn and included additional purchases of heavy duty machinery, equipment parts and cement to accommodate the increase in domestic infrastructural works. The "Food and Live Animals" category also registered a $26.9mn expansion, reflecting increased demand for animal feed and the higher cost of durum wheat, cereal, chicken sausages, beverages, soups and milk products. Gasoline, butane and electricity were mostly responsible for the $21.7mn hike in "Minerals, Fuels, and Lubricants" and higher expenditure on agricultural minerals and fertilizers boosted the value of "Chemical Products" by $12.7mn.

Direction of Visible Trade

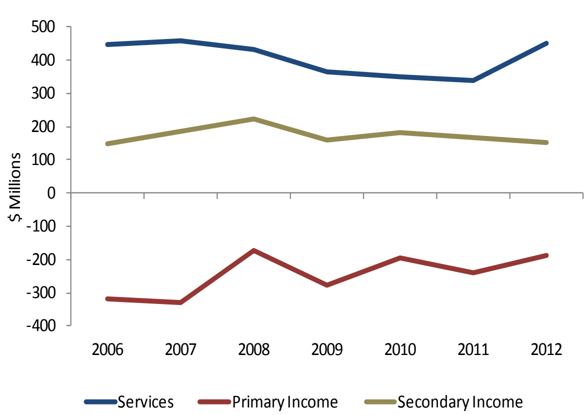
The US maintained its position as

Chart 6.8: Tourism Expenditure



Sources: BTB and SIB

Chart 6.9: Net Balances for Services and Income Accounts



Belize's principal export market even though its share declined from 59.7% in 2011 to 45.1% due to lower sales of petroleum and papaya. Resulting from increased sales of sugar and banana, the share of the UK rose from 19.2% to 22.7%, while the quadrupling of orange concentrate sales to Europe accounted for the export share of other EU countries rising from the previous year's 2.5% to 11.5%. CARICOM's share improved to 10.2% as shrimp producers and fishing cooperatives in the south of the country continued to expand niche markets in Jamaica and Trinidad.

The main source of imports was the US, which accounted for 29.2% of goods purchased from abroad. A fall in CFZ imports reduced China's share from 14.2% in 2011 to 12.5%, while contributing to raising the shares of Central America and Mexico to 16.3% and 10.5%, respectively. Fuel purchased from a Venezuelan owned refinery in the Netherland Antilles explained its 14.1% import share.

Services

Net earnings from services rose by 33.2% to $451.6mn, reflecting improvements in all sub-categories, except for transportation. The major contributor continued to be the tourism sector, which netted a 20.8% increase in travel earnings. Net inflows for government

Chart 6.10: Remittance Inflows

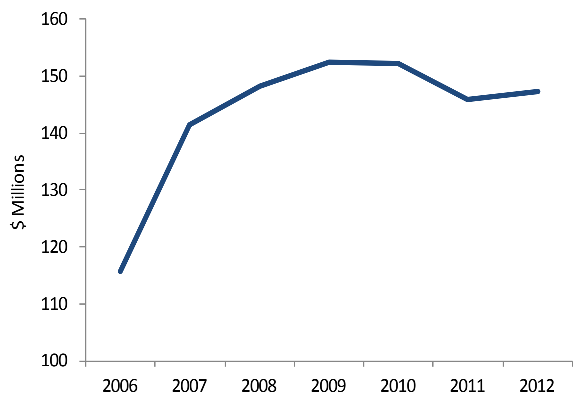
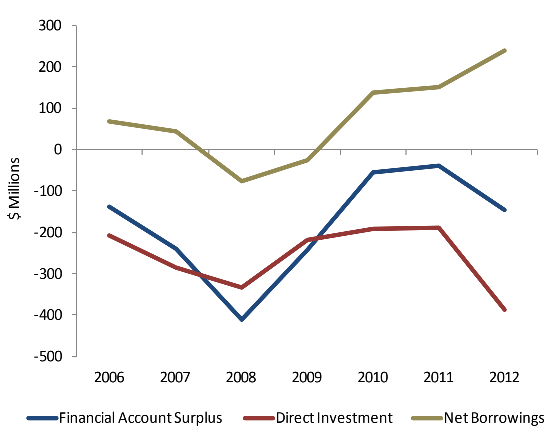


Chart 6.11: Main Components of the Financial Account



goods and services increased by 42.7%, with much of this being accounted for by the branch offices of international and regional organizations. Net outflows for transportation increased by $7.4mn due to higher international freight charges generated by the growth in trade volume.

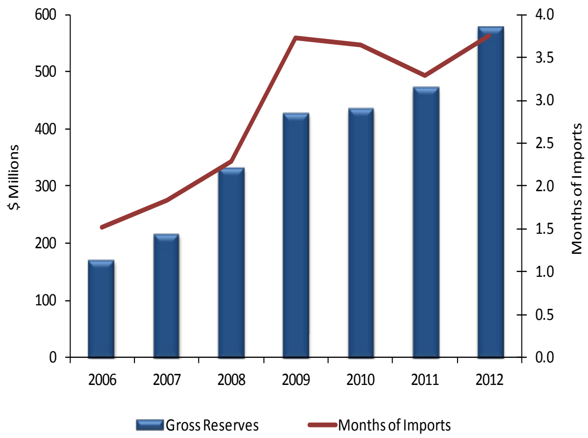
Primary Income

An increase in foreign seasonal workers necessitated by the rebound in the citrus and banana harvests led to a 62.3% upsurge in net labour outflows. Notwithstanding the lowering in profit repatriation by the petroleum industry and the fact that only a partial second interest payment was made on the super bond, net outflows in the investment income category escalated by 21.3% due to higher profit remittances by the tourism industry. As result, net outflows under the income account registered a 22.5% increase to $240.6mn.

Secondary Income

The surplus on the secondary income account shrank by 9.5% ($15.9mn) to $151.6mn due to the impact of lower inflows to the sugar industry (of Fair Trade receipts) and insurance companies, higher outflows of private remittances, and an increase in net government outflows that was due to a slight decline in grant receipts and increased transfers to international and regional organizations.

Chart 6.12: Gross Official International Reserves



Capital and Financial Accounts

A small decline in grant inflows resulted in the surplus on the capital account dipping from $47.3mn to $45.0mn. Meanwhile, various financial transactions resulted in the country's net liabilities to foreign owners of capital increasing by $146.2mn. Net foreign direct investment doubled to $386.7mn and included significant strategic investments into the sugar industry, hotels and land purchases. This facilitated an increase in commercial banks' net foreign asset holdings abroad and a surge in loan repayments by the private sector, the largest of which involved the retirement of BSI's external debts. The surplus on the capital account and the net increase in financing from external sources covered the deficit on the current account and underpinned the $105.6mn rise in the gross official international reserves during 2012.

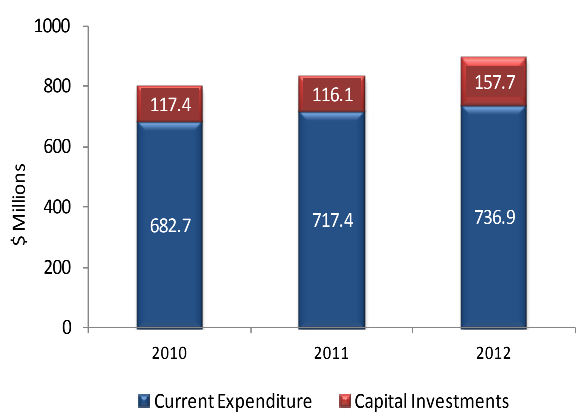
Central Government Operations

Table 7.1: Summary of Revenue and Expenditure

	Jan-Dec 2011	Jan-Dec 2012
Ratio to GDP (%)		
Current Revenue	26.6	25.8
Tax Revenue	22.5	21.6
Non-Tax Revenue	4.1	4.2
Current Expenditure	24.2	23.3
CURRENT BALANCE	**2.4**	**2.5**
Capital Revenue	0.2	0.2
Capital Expenditure (Capital II Local Sources)	2.4	2.1
OPERATING SURPLUS	**0.2**	**0.6**
Grants to GDP	0.8	1.4
Total Revenue and Grants	27.6	27.5
Total Capital Expenditure	4.1	5.1
Total Expenditure	28.3	28.4
of which Interest Payment on Public Debt	3.5	3.0
Primary Balance to GDP	**2.7**	**2.0**
Primary Balance without Grants to GDP	*1.9*	*0.5*
Overall Balance to GDP	**-0.8**	**-1.0**
Overall Balance without Grants to GDP	*-1.6*	*-2.4*

Sources: CBB and MOF

Chart 7.1: Current Expenditure and Capital Investments

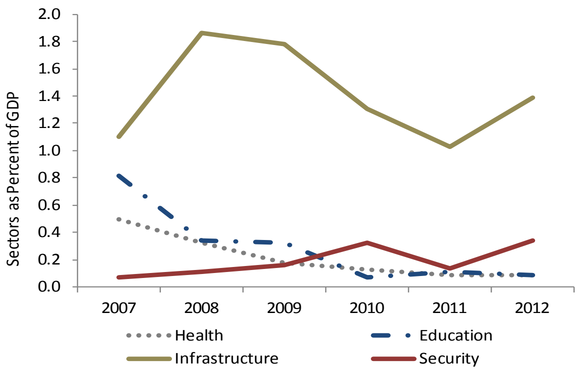


Source: MOF

Government operations yielded an overall deficit of 1.0% of GDP and a primary surplus equivalent to 2.0% of GDP in 2012. There was bouyancy in both revenue and expenditure with the latter growing at a faster pace mainly due to an upsurge in capital expenditure and, to a lesser extent, increases in current subsidies and transfers.

Notwithstanding a 17.1% decline in receipts from the petroleum industry, fiscal revenues expanded by $51.8mn to $868.0mn (27.5% of GDP). Current revenue grew by 3.7% and accounted for more than half of the income growth with tax and non-tax revenues up by $17.5mn and $11.5mn, respectively. Receipts were boosted by higher collections from the GST and taxes on international trade with the GST outturn partly reflecting the government's decision to impose it on fuel imports rather than the fixed import duty that had been levied. Because of the expansion in total imports, the amount collected in import duties rose by $1.8mn, notwithstanding the aforementioned tax shift. Non-tax revenue benefitted from the one-off loan repayments of $10.0mn from BSI and $7.0mn from BTL that outweighed the $11.2mn decline in property income caused by the court-mandated withholding of BTL dividends. Grant receipts also regained prominence during the year, rising to $45.6mn (5.3%

Chart 7.2: Capital Expenditure as a Percentage of GDP



Source: MOF

of total revenues) with most of this coming from the EU to provide support for the banana and sugar programmes.

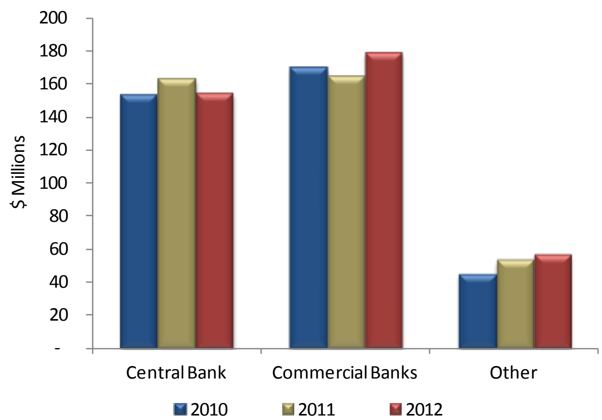
Following a contraction in 2011, capital outlays vaulted upward by 32.3% to 5.1% of GDP, as spending on Capital III (externally funded) projects doubled. Road infrastructure accounted for 27.9% of the total and included developments on the south side of Belize City, completion of works on the Southern Highway, the construction of Big Falls border road, the completion of the Kendal Bridge and maintenance and rehabilitation of highways. Another 19.5% was spent on agriculture, mostly for EU funded road infrastructure in the sugar belt and rehabilitation of banana fields. Natural resources and solid waste management accounted for 21.9%, security for 6.8%, and a medley of disbursements on education, health, housing, tourism, science, technology, furniture, equipment and contributions to international agencies made up 13.2%. The remainder was devoted to social protection projects and development of sports infrastructure such as the Belize Sport Centre.

Current expenditure rose by 2.7%, though there was a slight dip in its ratio to GDP from 24.2% to 23.3%. Spending on all line items rose except for interest payments, which declined by 9.8% mainly due to the partial withholding of the August interest payment on the super bond. The most notable increase was in subsidies and transfers, which was due to the reclassification of teachers' salaries in order to more accurately reflect the public/private partnership underpinning most of the nation's educational institutions. Even with this shift, outlays on wages and salaries rose by $8.7mn and accounted for 40.5% of current spending. Goods and services outlays rose by 1.0%, reflecting moderate growth in rents and other operating costs.

Central Government's Domestic Debt

The government's domestic debt rose by 2.4% to $389.9mn (12.4% of GDP), as an $8.2mn increase in Central Bank overdraft financing combined with loan disbursements of $3.8mn outweighed the amortization payments it made to the

Chart 7.3: Sources of Central Government's Domestic Debt



BSSB, the Debt- for-Nature-Swap, Fort Street Tourism Village and commercial banks.

The maturity structure of the portfolio remained dominated by short-term credit, with medium and long-term debt accounting for 37.0% and 3.4%, respectively. Treasury bills continued to be the primary instrument for raising short-term funds from the domestic market and accounted for 44.8% of total domestic debt. Advances to the government by way of the Central Bank overdraft facility amounted to $56.3mn (7.1% of the previous fiscal year's current revenue) to facilitate the payment of salaries and higher government outlays. The Central Bank's share of the domestic debt fell from 42.7% in December 2011 to 39.5%, with its surrender of $22.3mn in Treasury bill holdings in the first eight months of the year. The commercial banks' share rose from 43.3% to 45.9%, while that of non-bank entities increased from 14.0% to 14.6%.

Interest payments totalled $17.5mn, 4.8% lower than the previous year and equivalent to an average effective interest rate of 4.5% compared to the 4.9% of 2011. The fall in costs was largely due to the downward trajectory in Treasury bill yields. The Central Bank received $5.8mn for funding provided through the overdraft and Treasury bills and $6.9mn for holdings of longer term government securities. Interest payments to commercial banks summed to $3.9mn, and an additional $0.9mn was paid to non-bank entities.

Public Sector External Debt

At the end of the year, the public sector external debt stood at $2,035.7mn (64.4% of GDP), a decline of $8.5mn, as disbursements of $71.5mn were outweighed by amortization payments of $80.1mn. Disbursements included $20.0mn from the Republic of China (ROC/Taiwan) for budget support and $50.0mn from multilateral lenders such as the Inter-American Development Bank (IDB), the Organisation of the Petroleum Exporting Countries (OPEC) Fund for International Development (OFID) and the Caribbean Development Bank (CDB). CDB funding was

Chart 7.4: External Debt Service

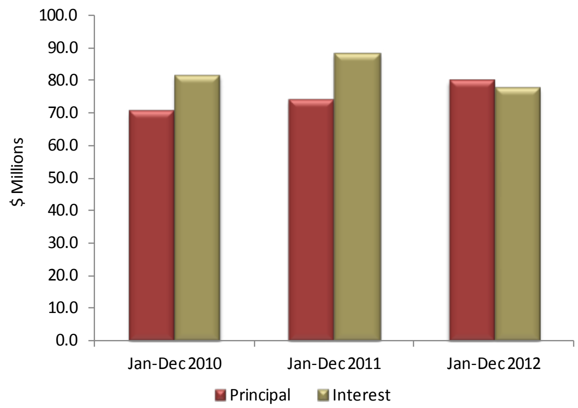
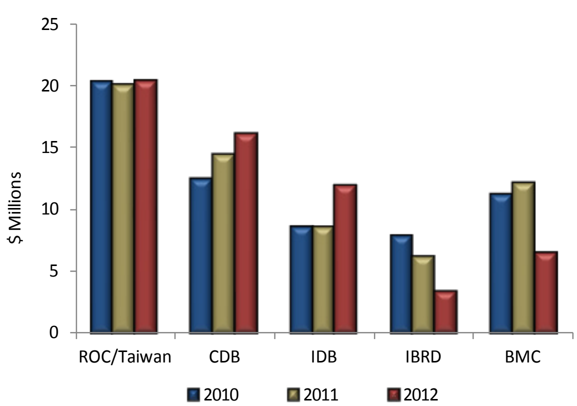


Chart 7.5: External Debt Principal Payment by Major Creditors



channelled into projects such as solid waste management, sustainable tourism, health sector reform, the Kendal Bridge, the Santa Elena/San Ignacio Bypass and the Social Investment Fund.

Annual debt service payments totalled $158.0mn, a 3.0% dip, as lower interest payments eclipsed a 7.8% rise in amortisation that reflected higher repayments by Central Government and other non-financial public sector bodies. Central Government repaid $27.3mn to bilateral creditors (of which $20.4mn went to ROC/Taiwan) and $29.5mn to multilateral lenders that included the CDB, IDB, World Bank (IBRD) and OFID. The Development Finance Corporation (DFC) paid $1.3mn to the CDB as well as the final installment on the North American Securitization debt. Central Bank repayments to the IMF for funds received under the Emergency Natural Disaster Assistance facility totalled $5.3mn and the non-financial public sector made repayments to multilateral lenders, commercial banks and the Government of Kuwait that summed to $9.9mn.

Interest payments declined by $10.7mn to $77.9mn due to lower rates on several external loans that are tied to LIBOR and the withholding of a portion of the interest payment due on the super bond. The annual effective interest rate

Chart 7.6: External Debt Annual Average Effective Interest Rate (AEIR)

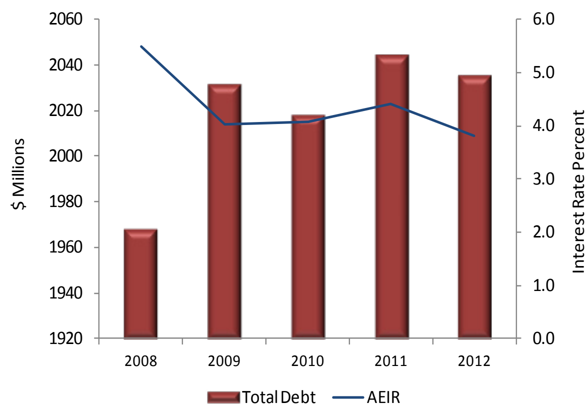
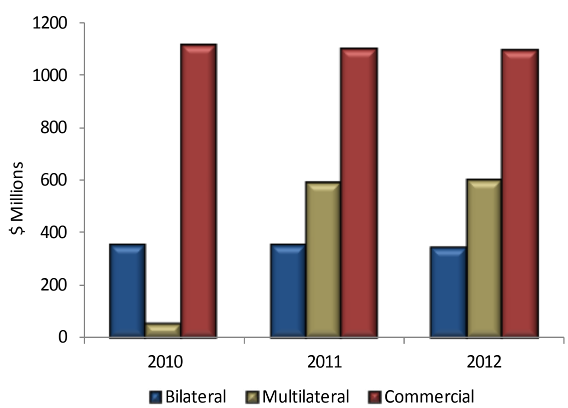


Chart 7.7: External Debt by Creditor Category



consequently averaged 3.8%, compared to 4.4% in 2011. Holders of the super bond received 72.8% of the scheduled interest due in 2012. Payments to bilateral creditors totalled $9.1mn with payments to ROC/Taiwan accounting for nearly 80.0% of this, while interest payments to multilateral lenders summed to $11.9mn, the bulk of which went to the CDB.

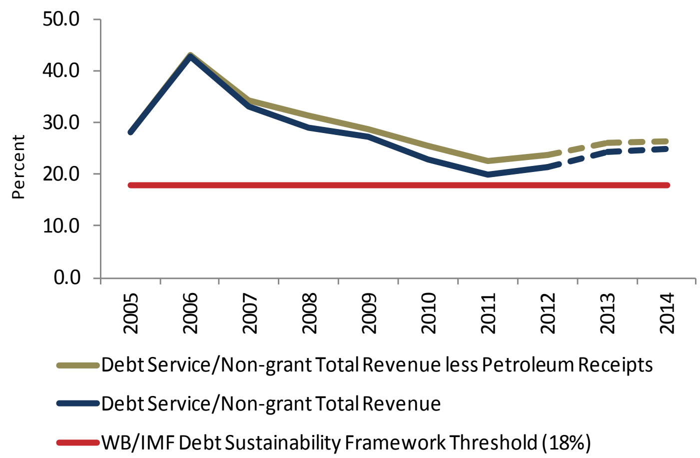
The lowering of interest payments led to improvement in several indicators of debt sustainability in 2012. Debt service payments as a percentage of GDP decreased from 5.5% to 5.0%, indicating a marginal improvement in the country's resource generating ability to service its obligations. However, a decline in the ratio of debt servicing to government revenues from 20.7% to 19.4% represented only a slight easing in the government's fiscal space for non-debt related expenditures. An improvement in short term liquidity was highlighted by the decline in the ratio of external debt service payments to earnings from exports of goods and services from 8.6% to 7.9% with the latter occurring as a result of stronger export performance during the year.

At year-end, 94.5% of the outstanding external debt was attributed to Central Government and the financial and non-financial public sector accounted for 3.6% and 1.8%, respectively. Only $0.4mn of the existing portfolio will mature in 2013. Another $72.3mn will mature over the next ten years, leaving $1.96bn with a maturity schedule that exceeds ten years.

Box 4: Belize's Debt Restructuring 2012-2013

The world financial crisis came on the heels of the restructuring of Belize's external commercial debt in 2007. While the benefits of the restructuring had been frontloaded to support the fixed exchange rate and provide some fiscal space in the short term, the overall medium and long term requirements were both ambitious and onerous given the weak fundamentals of the domestic economy. The terms of the super bond implied that the government would need to generate primary surpluses in the region of 4.0% per annum in order to meet its long term debt obligations. Meanwhile, a high rate of poverty and infrastructural shortcomings, juxtaposed with rising levels of crime and external security concerns constrained the government's fiscal options. Domestic efforts were also undermined by the impact of the global economic downturn on the tourism industry and several weather-related shocks to the agricultural sector.

Chart C: Debt Service to Fiscal Revenue



With considerable effort, the government was nevertheless able to achieve annual primary surpluses averaging 2.0% of GDP as fiscal revenues were supported by foreign grants and taxes on domestic petroleum production. As time passed, however, both of these revenue streams began to decline even as sharp step-ups in the interest charged on the super bond kicked in - from 4.5% to 6.0% in 2010 and then to 8.5% in August 2012. In taking stock of the situation in 2012, the government factored in the costs incurred as a result of the BTL and BEL nationalizations and other pending pecuniary obligations that were likely to push the country's debt to GDP ratio higher and worsen its cash flow position. Using The Joint World Bank-IMF's Debt Sustainability Framework for low income countries as a reference point, a debt service to revenue threshold of 18% signals significant vulnerabilities. In Belize's case, even after the first restructuring, debt service payments exceeded the threshhold and would be on an upward trajectory after 2012. This placed the country automatically in the bracket of high risk, heading rapidly toward debt distress. The government therefore determined that prudency required immediate action to restructure the super bond and avert a future fiscal and balance of payments crisis.

In June 2012, five years after the 2007 debt exchange, the Prime Minister convened a local debt team and appointed external financial and legal consultants (White Oak Advisory and Cleary Gottlieb Steen and Hamilton LLP) to help guide the negotiations with the bond holders. The government simultaneously entered into negotiations with

Box 4: Belize's Debt Restructuring 2012-2013 continued

the IADB aimed at obtaining a partial loan guarantee that would significantly improve the odds for a successful restructuring and material improvement in loan terms. Significant progress was made until the final moment when the IADB's president decided not to present the request to its Board. Notwithstanding the disappointing conclusion to what had seemed a certain beneficial outcome for Belize, the authorities pressed forward, adopting a "cooperative approach" in its dialogue with the creditors. After extensive consultations , the government launched its formal offer to exchange the US$547.5mn super bond for a new bond on 15 February 2013 with 8 March 2013 determined to be the closing date. The main elements are listed below:

- A principal haircut of 10.0% or US$54.8mn;
- Capitalisation of the unpaid portion of the August interest payment and the interest accrued from August 2012 through to 19 March 2013;
- An increase in maturity by 9 years to February 2038;
- Equal semi-annual principal amortizations commencing in August 2019;
- A step-up coupon structure with annual interest payments set at 5.00% for the first four years after issuance of the new bond, then rising to 6.678% thereafter through to maturity.

The debt exchange offer was successful at the closing date with 86.17% of creditors signalling agreement versus the required creditor participation rate of 75.0%. A 43.3% reduction in net present value was achieved and under the new loan repayment profile, debt service costs are projected to be significantly lower in the short and medium terms. The super bond would have matured in 2029 and a comparison of the cash flow with the new 2038 bond shows that payments over the 2013-2029 period will be $692.6mn lower. Since the repayment period has been lengthened, the assumption is that funds will be set aside perhaps through the establishment of a sinking fund that will help to meet the amortization costs for the remaining nine years until the bond matures in 2038.

The ease in the debt servicing burden should improve the country's long term development prospects by creating the much needed fiscal space for public investment. Belize still remains vulnerable to external shocks however, and its debt levels though lower, are still high. In view of this, the government has committed itself to implement reforms to the debt management framework that include the establishment of a National Debt Management Committee, the passage of a Public Debt Management Act and a new Securities and Capital Markets Act, as well as the modernization of the securities trading process. These reforms will ensure continued fiscal restraint in the management of public sector debt in the post-debt exchange era.

Central Bank Operational Review

Administration

Celebration of Central Bank's 30th Anniversary

In marking the 30th year of operations, the image of the jabiru stork in full flight was selected as the Central Bank's anniversary symbol to be used throughout 2012. Special twenty-dollar currency notes and one-dollar coins were put into circulation to commemorate the milestone, and in November, the Bank sponsored a public lecture at the Bliss Centre for the Performing Arts entitled *Belize: 30 Years Retrospective, the Challenges Ahead,* which was delivered by Dr. Ydahlia Metzgen. The lecture summarized social and economic developments in Belize since the gaining of political independence and also outlined a possible roadmap for the country's future sustainable growth.

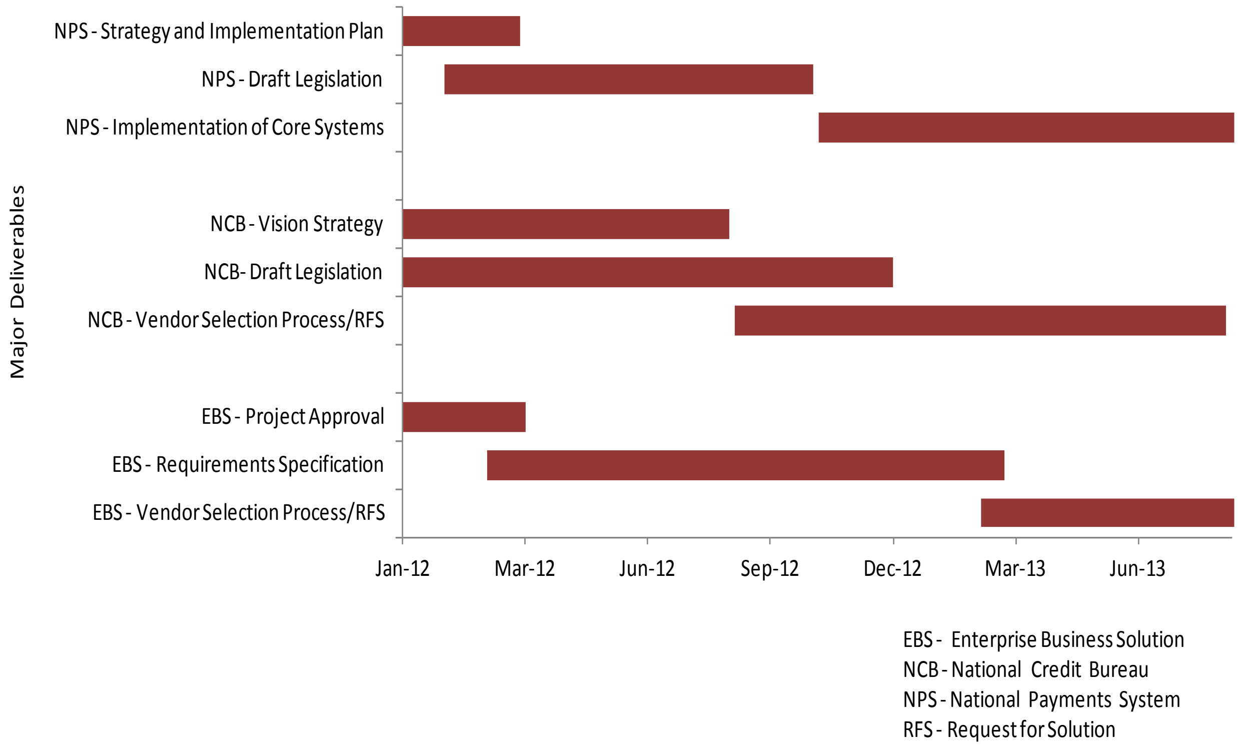
The celebrations included an ecumenical service of thanksgiving held on the Central Bank's compound on 2 December followed by a Sunday brunch for staff and other invited guests. As part of the Bank's ongoing public education efforts, a documentary that explored the Central Bank's role and functions was also filmed, which will be disseminated in the upcoming months.

Project Management

In keeping with the Bank's focus on best practice methodologies for project planning and execution, the Project Management Office (PMO) developed a standard project management framework for use in all Bank projects. In addition to training and mentoring, the PMO supported various project teams throughout the project life cycle and continued to play a key role in integrating the project management approach into the Central's Bank's strategic initiatives. The benefits of this approach were highlighted in the events commemorating the Bank's 30th anniversary as project teams, commissioned from all levels of staff, shaped a new cadre of project managers who were able to methodically apply the project management framework to deliver successful outcomes.

The PMO was also instrumental in helping to implement the Central Bank's high priority strategic projects to reform the national payments system, establish a credit bureau and replace the Bank's accounting software with an enterprise business solution. The requirement specifications for the enterprise business solution were completed in 2012 and the project is now at the Request for Solution (RFS) stage in the process of selecting a vendor. Other important milestones reached included the national payments system draft legislation and the development of a national vision strategy in parallel with draft legislation for the national credit bureau. Credit Bureau Project related activities in 2013 are slated to incorporate a public awareness campaign scheduled for launch with the

Chart 8:1: Progress on Strategic Projects



hosting of a one-day Caribbean Credit Reporting Conference, and completion of the RFS in the vendor selection process subsequent to enactment of the draft legislation.

Information Systems

In 2012, a new Information Technology Operations Manual was produced that documents all the policies, procedures and guidelines pertaining to the Central Bank's computer systems and network infrastructure. The manual is a key element in the Bank's business continuity plan for the recovery of information systems that are critical for the effective resumption of operations in the event of a disaster.

Several of the Bank's computer applications were upgraded during the year with priority being given to the elevation of the SWIFT messaging system to version seven. Negotiations were also initiated with SWIFT to implement the SWIFT Closed User Group as the main connectivity platform for the transmission of payment transactions under the project to reform the national payments system. Another important upgrade was to the Microsoft Exchange Server email system, which, with the launching of a test version of the webmail

Outlook Web Access, now enables Central Bank staff to access corporate emails from locations outside the Central Bank through its Virtual Private Network system. The Central Bank also adopted a new proxy software to facilitate broad internal access to the internet on the corporate network whilst ensuring that the appropriate firewalls remain in place.

Subsequent to a network security assessment exercise that was conducted by an external security firm, all of the Central Bank's security devices were brought up to the latest versions of code to allow for new safety features and prevent older software versions from potentially being exploited. In the continuing effort to safeguard the Bank's information, the Windows Active Directory was brought into conformity with the newly adopted Centre for Internet Security Configuration Benchmark. The electronic system that forms part of the security fabric for the Bank's physical premises was also successfully migrated to a new Windows version that provides additional functionality in addition to being more user friendly.

In 2012, the web enabled Microsoft Project Server and Method123 project management software were implemented and made available to project teams via the Bank's intranet in support of the Central Bank's strategic effort to inculcate the project management discipline across the Bank. A training website was also launched on the Central Bank's intranet which enabled staff to access training programmes directly from their desktops as part of an initiative to facilitate in-house, on-line training.

Other software improvements included an upgrade to the Bank's employee Time and Attendance system to increase its functionality and the operationalizing of a loans management system which enabled employees to access their personal loan information through an accompanying web module.

Internal Audit

Internal Audit continued to closely monitor the Central Bank's operations to assess the effectiveness of internal controls and to ensure that the institution was not unduly exposed to risks. In this regard, the operating procedures of the Reprographic Unit and the Administration, Finance, Information Technology, Banking and Currency and Human Resources Departments were reviewed. Using the Committee of Sponsoring Organisations of the Treadway Commission framework, the effectiveness of controls, risk management and the governance process were assessed, and the results of the various audits and reviews were discussed with management and subsequently reported to the Audit Committee.

In fulfilling its oversight responsibilities, the Audit Committee investigated the issues raised by the internal and external auditors and recommended measures to manage the risks that were identified. In addition to ensuring that management appropriately addressed the issues raised by the internal and external auditors, the Audit Committee also made recommendations to the Board of Directors on issues relating to risk management and financial reporting. The Committee was able to assure the Board of Directors that the Central Bank's affairs were being conducted in a transparent manner, supported by prudent accounting policies, internal controls and financial reporting practices.

Human Resources

On 29 March 2012, the Central Bank mourned the untimely passing of Miss Barbara Young, a Statistical Officer in the Research Department who had been employed by the Bank for more than twenty-three years.

Staffing and Employee Relations

Throughout the year, the Bank maintained its focus on fostering a highly engaged, motivated and satisfied workforce through the creation of a working environment that impacts positively on individual and organizational performance.

At year-end, the staff complement was 166, of which nine members were on contracts of service, six were employed as temporary staff and three were part-time workers. Ten persons joined the Central Bank during the year, and eleven employees were separated, including one retirement. The staff turnover rate declined from 2.4% during 2011 to 0.68% in 2012, which was indicative of the success of the Central Bank's staff recognition and retention programmes.

Nineteen employees were promoted in 2012: ten employees were promoted in the professional grades, two to the para-professional grade, two to the manager grade and five to the senior auxiliary grade.

At the Bank's Annual Employee Recognition Ceremony, twenty-three employees received long service awards, including five for 10 years of service, four for 15 years of service, nine for 20 years of service and five for 25 years of service. Employees were also honoured for the contributions they had made to various Central Bank projects.

In order to show appreciation to staff for their contributions to the Central Bank and highlight the organisation's policies and procedures, the Human Resources Department (HRD) hosted its second Human Resources Awareness Day under the theme, "HR - Here for You". In November, HRD also launched "Your Total Compensation – Resource Guide for Employee", a brochure which provides comprehensive details on the compensation package that the Bank offers its employees.

Training and Development

The second phase of the Central Bank's Corporate Strategic Project Plan using the balanced scorecard methodology included the completion of the Bank's balanced scorecard and cascading of its functional strategic initiatives down to the departmental and individual levels. The aim was to reshape the work environment and corporate culture into a "Culture of Excellence" to deliver services to the public more effectively and efficiently.

In support of the strategic planning initiative, HRD made arrangements for staff to be trained in *Strategic Management, Emotional Intelligence for Personal Leadership* and *Change Management.* The target groups included staff at the management and professional levels as well as members of the recently appointed Culture Change Working Group who are charged with the responsibility of planning and managing the Central Bank's organisational change programme.

Opportunities for personal development also continued to be made available to all staff through training in *Microsoft Project Management Web Application* and specialized trainings and conferences, which included *Risk Based Supervision Assessment of Internal Controls, Counterfeit Detection Course, Central Bank Auditing, Seminar for Senior Bank Supervisors from Emerging Economies* and *Advanced Macroeconomic Forecasting,* among others. One employee was awarded a full Central Bank scholarship to pursue a Master of Science degree in Applied Economics, and the Central Bank also continued to support and encourage staff members who took the initiative for further self development through pursuit of further education.

Intra-Regional Games
In April, thirty-two staff members travelled to Jamaica for the Ninth Caribbean Central Bank Intra-Regional Games, which are held biennially and are hosted by regional Central Banks on a rotational basis to promote camaraderie among staff of the various Central Banks. The team from the Central Bank of Belize returned with first and second place awards in basketball and volleyball, respectively.

Corporate Relations/Community Service
A commitment to continuous development of national education was again demonstrated in 2012 through the Bank's facilitation of tertiary level internship programmes. Six students at the university and junior college levels were offered temporary employment to meet their core requirements for graduation, and at the secondary level, four senior high school students participated in work/study programmes at the Central Bank. Eleven students at the tertiary and bachelor levels also had the opportunity to develop their practical skills and gain work experience through the Bank's Summer Employment Programme.

Assisted by the mobilization efforts of the HRD, Central Bank staff participated in the Belize Audubon Society's 2012 Earth Day Clean-up Campaign which was aimed at building environmental conciousness for long-term sustainability. In addition to donating generously to the annual Salvation Army Christmas Appeal to assist the needy in the community, Bank staff also participated in the annual Belize Cancer Society Walk in solidarity with this important cause.

Staff engaged in several other social activities during the year including the Annual Family Day, Annual Staff Christmas Party and Easter Egg Hunt for children of staff. As part of the Central Bank's Staff Club Cultural Outreach Program and in recognition of National Service Day held on 19 September 2012, members of staff provided assistance to the Sister Cecilia's Home for the Elderly. The Bankers Christian Fellowship continued to engage in monthly praise and worship services and community outreach activities during the year. This group has evolved into a source of support, contributing to the Central Bank's efforts in ensuring staff's work-life balance.

Annual Conference of Regional Operations Managers
The VIII Meeting of Regional Central Banks' Operations Officials was hosted by the Central Bank from 23-25 May 2012 under the conference theme of "Transforming Central

Banks' Operations through Strategic Planning". The focus was on the inevitability of change. Participants from the Bahamas, Barbados, Guyana, Haiti, Jamaica, Trinidad and Tobago and Belize shared their respective experiences in managing transformation through the application of strategic management and planning tools.

The agenda items included Currency and Banking Issues, Foreign Reserve Management, Enterprise Business Environment, Government Securities Market, Strategic Planning and Management System, Payment Systems Update and the Central Bank's experience in the implementation of a new website. The meeting provided a useful forum for operational managers from the different Central Banks to share their knowledge and experiences whilst building camaraderie.

Central Bank of Belize staff presented the following papers at the conference:
"Investment Policy at the Central Bank of Belize" by Michelle Estelle;
"Enterprise Business Solution: A Case for Belize" by Hollis Parham;
"Enterprise Risk Management: Central Bank of Belize's Experience" by Effie Ferrera;
"Transforming the Central Bank of Belize, A Case for Strategic Planning:"
(1) "Historical Perspective" by Carol Hyde
(2) "The Theoretical Foundation" by Sheree Smiling Craig; and
"Website and Content Management" by Rabey Cruz.

Chart 9.1: Foreign and Local Income

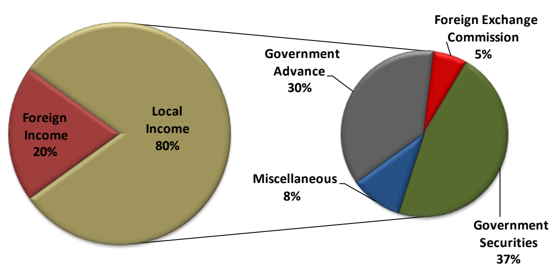
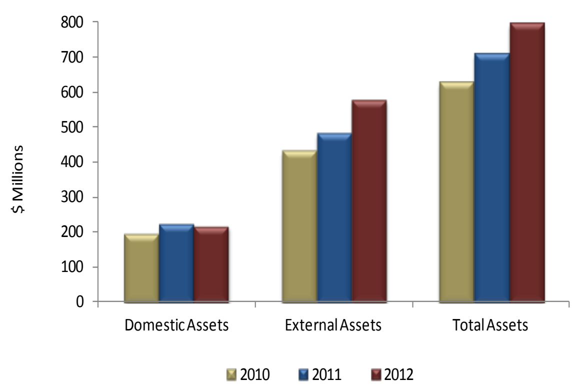


Chart 9.2: Assets



Financial Performance

Underpinned by robust external inflows, the Central Bank's assets grew by 12.0% in 2012. Gross income amounted to $18.9mn, however, even with the build-up in foreign assets, almost 80.0% of income was derived from domestic sources such as Central Government securities and its overdraft facility, which accounted for 37.0% and 30.0% of the latter, respectively. Notwithstanding tight controls on spending and the scaling down or rescheduling of work projects that kept expenditures below budget, the net operating surplus declined by $0.6mn to $2.7mn. Lower international interest rates was a key factor as the robust 19.5% growth in the external assets yielded only a 4.2% increase in investment earnings. The Bank spent a total of $15.9mn during the year with staff costs, interest and currency payments, and other administration/ operating costs accounting for 55.0%, 16.0% and 29.0%, respectively.

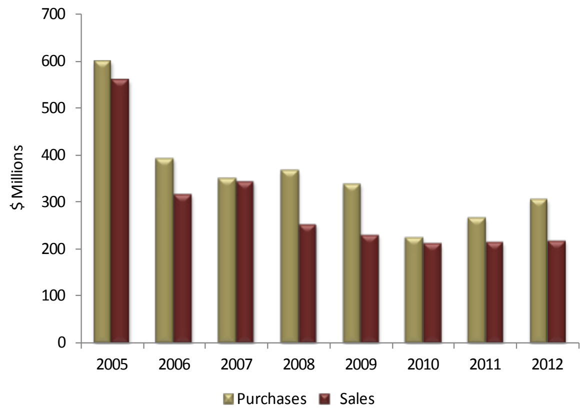
While revenues generated from the overdraft facility, foreign exchange tradings and other miscellaneous sources were in line with budget forecasts, receipts from Treasury notes and earnings from foreign investments were in excess of the amounts originally budgeted.

As provided for under section 9(1) and section 50 of the Central Bank Act, $0.27mn (10.0% of the net operating surplus less any revaluation loss) will be paid into the Central Bank General Reserve Fund. The balance of $2.5mn will be transferred to the Accountant General for government's consolidated revenue fund.

Foreign Exchange Operations

As custodian and manager of the country's official international reserves,

Chart 9.3: Trade in Foreign Currency



the Central Bank conducts foreign currency trades with government entities and the commercial banks it regulates. These transactions yielded net purchases of $87.9mn in 2012, which was 66.0% more than that of the previous year.

Among the largest receipts were US$36.8mn from BNE, US$33.9mn from BSI and US$22.0mn from commercial banks. Other notable inflows included US$13.9mn from the IDB and US$10.0mn from the ROC/Taiwan. The largest external payments were in February and September to meet the semi-annual interest payments due to foreign holders of the super bond. During the negotiations aimed at restructuring the bond, it was decided that only a portion of the amount due in the second annual payment would be made, and this had the effect of reducing outflows and boosting the annual net purchase position. Trading in CARICOM currencies was mostly for settlement of official transactions and resulted in net sales of $2.6mn, which was virtually unchanged from the previous year.

External Asset Ratio

Throughout the year, the Central Bank remained in full compliance 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 intended to provide a partial safeguard for the maintenance of foreign reserves at levels adequate to meet the country's external obligations. The Bank's foreign assets grew by 19.5% over the year and reached its highest point of $577.5mn at the end of December. These holdings consisted of 84.3% in cash and fixed deposits, 2.8% in foreign securities and 12.9% in Special Drawing Rights (SDRs) with the IMF.

In the first half of the year, the external asset ratio fluctuated closely around the 80.0% level, as foreign assets and domestic liabilities moved almost in parallel. However, in the second half of the year, foreign assets grew at a faster pace and the ratio increased modestly to end the year at 83.9%. It was at its lowest in February (79.0%) following the interest payment on the super

Chart 9.4: External Asset Ratio

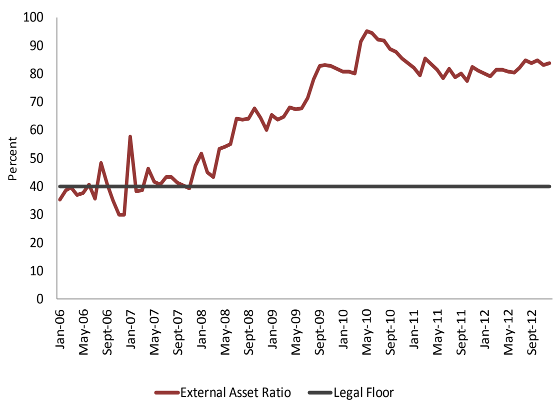


Chart 9.5: Monthly External Asset Ratio

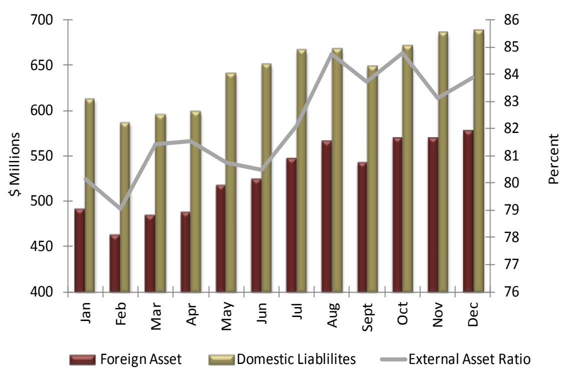
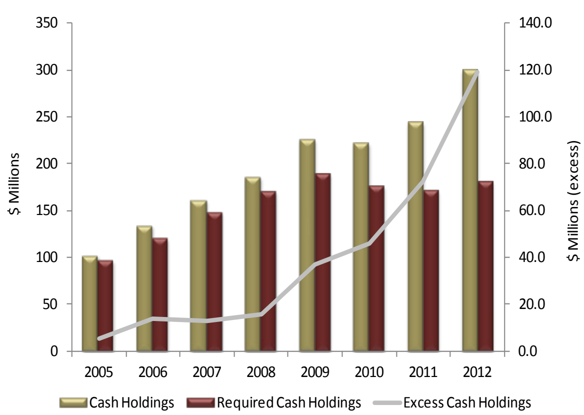


Chart 9.6: Commercial Banks' Cash Holdings

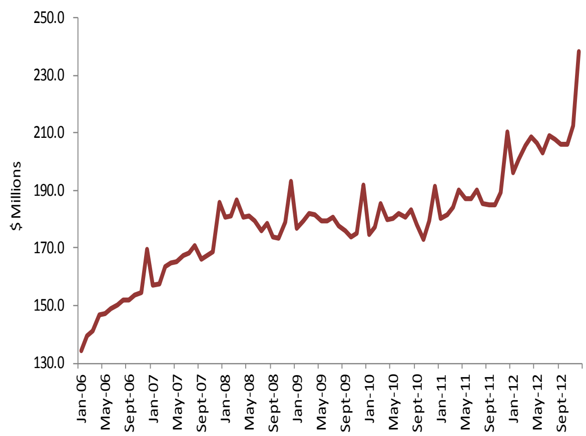


bond and reached a peak of 84.8% in October as a result of foreign currency purchases from BNE and BSI. Downward movements in September and November were respectively attributable to the interest payment on the super bond and an increase in domestic liabilities arising from the deposit of the proceeds of the Belize City Municipal Bond at the Central Bank, an increase in the currency in circulation and a notable growth in commercial banks' excess cash balances held at the Central Bank.

Commercial Banks' Cash Balances

The cash reserve requirement remained fixed at 8.5% of average deposit liabilities, and with deposit growth more than doubling that of loans, the liquid cash balances of the commercial banks escalated by $69.1mn (25.6%). Over the twelve month period, their excess cash holdings increased by $56.9mn (59.5%) with a monthly average of $118.0mn that was $45.8mn higher than that of 2011. In an out-turn which was similar to 2011, cash liquidity was atypically higher during the second half of the year (a monthly average of $134.9mn) with December recording the highest level of $152.6mn. The commercial banks' purchase of an additional $22.3mn in Treasury bills since August did not reverse the upward trend in their excess cash balances during the second half of the year.

Chart 9.7: Currency in Circulation



Currency Operations

The Central Bank is responsible for ensuring an adequate supply of domestic notes and coins for cash transactions. As issuer of the domestic currency, the Central Bank regularly replaces worn out banknotes that are unfit for circulation. During the year, banknotes valued at $83.9mn were removed from circulation and $95.3mn in new notes was issued. Of the latter, $15.8mn consisted of $20 banknotes that were issued to commemorate the Central Bank's 30th anniversary. A one dollar commemorative coin was also issued on 30 April 2012. At year-end, the total value of banknotes stood at $215.6mn, representing a 13.7% increase over the previous year, while the value of coins in circulation rose by 7.7% to $22.5mn.

On the heels of a 9.9% growth in 2011, currency in circulation expanded by 13.1% to end the year at $238.1mn. In line with normal seasonal patterns, most of the increase occurred in December, during which commercial banks' vault cash rose by $10.2mn (29.2%) and currency held by the public grew by $15.6mn (8.8%). The ratio of notes and coins remained relatively stable, with notes accounting for 90.6% of currency in circulation.

Inter-Bank Market

Except for placement offers of $5.0mn in November and December, the inter-bank market was dormant throughout the year due to the continuing build-up of liquidity in the banking system. None of these offers were accepted even though the interest rate on the proffered funds was 3.0% as compared to an average offer rate of 6.5% for funds made available in the previous year.

Transactions with Central Government

At 8.5% of current revenues collected in the preceding fiscal year, the ceiling on advances which the Central Bank can legally extend to Central Government through the overdraft facility rose from $65.1mn to $67.5mn for the 2012/2013 fiscal year. Although outpaced by expenditure, the growth in government revenues was sufficient to keep balances in the overdraft facility comfortably below the legislated ceiling throughout the year. At the end of December 2011,

Chart 9.8: Treasury Bill Yield

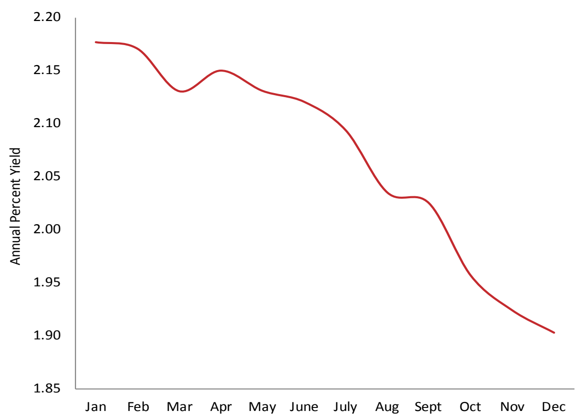


Chart 9.9: Annual Inter-bank Market Activity

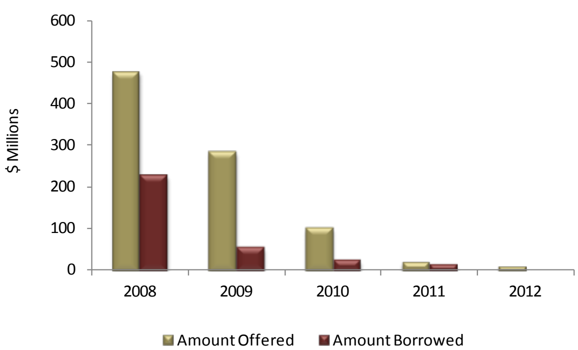
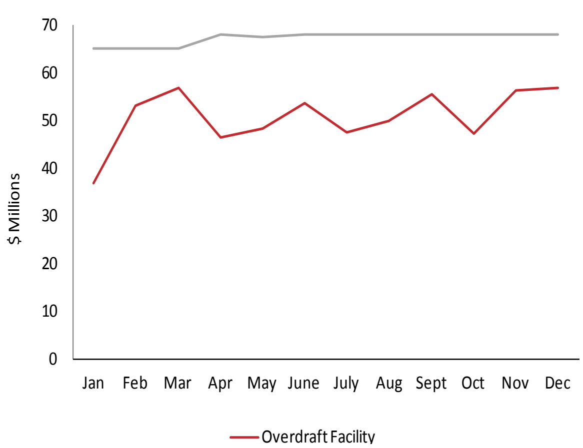


Chart 9.10: Overdraft Financing to Central Government



the overdraft facility balance stood at $48.1mn, subsequently rising to $56.8mn by the end of March due to the cumulative effect of the interest payment on the super bond in February and the usual end-of-fiscal-year hike in expenditures to settle outstanding obligations.

The facility registered modest fluctuations during the year with periodic downward shifts reflecting the seasonal receipts of tax revenues (January, April and July) and the repayment of the loan extended to BSI (October), while an increase in September coincided with the second interest payment on the super bond. At the end of the year, the balance stood at $56.8mn (7.1% of recurrent revenues of the 2011/2012 fiscal year).

Treasury Bills

The Central Bank continued to conduct Treasury bill operations on behalf of the government and with no new issuances, its activities centred on the periodic rollover of tranches that summed to $175.0mn. Against a backdrop of low international interest rates and rising levels of domestic liquidity, commercial banks' demand for these securities outstripped supply. After holding an average of $22.0mn during the first seven months of the year, the Central Bank surrendered all of its holdings in August in view of the oversubscription of each

Chart 9.11: Central Bank's Holdings of Government Securities

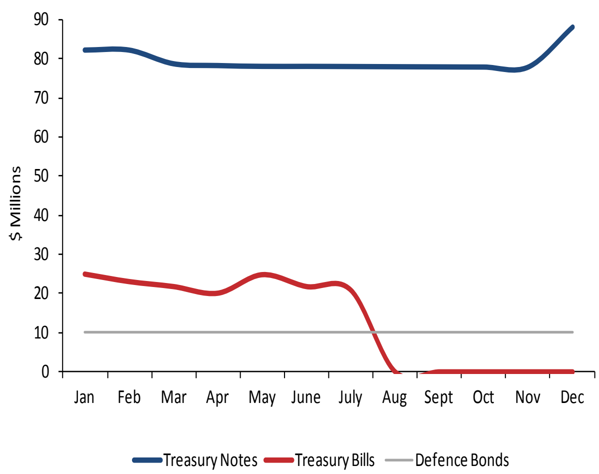
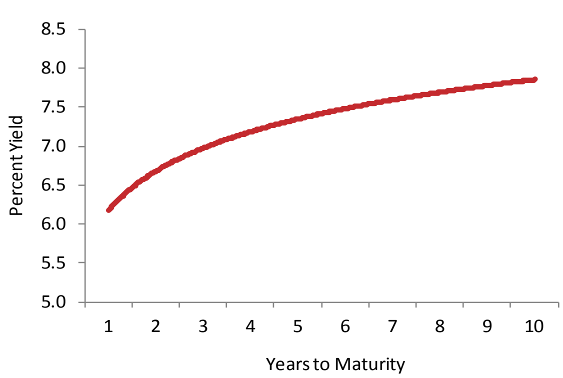


Chart 9.12: Treasury Note Yield Curve



rollover and the competitive bidding by commercial banks. Commercial bank holdings consequently rose by 14.9% to $173.5mn, and the average yield fell from the 2.21% realised in the last auction in 2011 to 1.90% at the end of 2012. The remaining $1.5mn was taken up by insurance companies to meet statutory requirements.

Treasury Notes

The stock of Treasury notes also remained unchanged at $136.5mn, and there were no adjustments in maturity or interest rates. During the year, commercial bank holdings of some $10.0mn matured, and upon their roll-over, the Central Bank acquired almost all, with institutional investors and small individuals taking up the remainder. As a result, the Central Bank's share of the outstanding issue rose from 60.2% to 64.3%. Additional purchases by institutions and individuals during the year raised their respective shares from 31.0% and 1.0% in 2011 to 33.7% and 2.0%. At the end of the year, the Treasury notes issue consisted of $25.0mn in one-year notes carrying a 6.0% interest rate, $15.0mn in two-year notes at 7.0%, $66.5mn in five-year notes at 7.5% and $30.0mn in ten-year notes at 8.25%.

Financial Statements

CENTRAL BANK OF BELIZE

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Business Solutions
Outsourcing
Real Estate
Corporate
Paralegal

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Central Bank of Belize:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Castillo Sanchez & Burrell, LLP

Chartered Accountants
March 22, 2013

CENTRAL BANK OF BELIZE

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

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

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

CENTRAL BANK OF BELIZE

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

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

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

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

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

CENTRAL BANK OF BELIZE

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

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

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

CENTRAL BANK OF BELIZE

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

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

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

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

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

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

CENTRAL BANK OF BELIZE

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

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

CENTRAL BANK OF BELIZE

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

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

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

1. GENERAL INFORMATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

b. 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 in the preparation of these financial statements are consistent with those followed for the year ended December 31, 2011, except for the adoption of one amendment as noted below. This amendment currently does not have an effect on the financial performance or position of the Bank.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

Standards issued but not yet effective

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

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

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

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

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

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

Annual Improvements May 2012

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

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

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

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

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

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

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

d. Financial instruments –

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

Classification
Financial assets

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

The Bank designated financial assets at fair value through profit or loss in the following circumstances:
- the assets were managed, evaluated and reported internally on a fair value basis;
- the designation eliminated or significantly reduced an accounting mismatch, which would otherwise have arisen; or
- the asset contained an embedded derivative that significantly modified the cash flows that would otherwise have been required under the contract

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

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

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

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

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

Identification and measurement of impairment

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Intangible asset and amortization (Continued)

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

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

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

j. Impairment of non-financial assets –

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Employee benefits –

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

3. CENTRAL BANK OF BELIZE ACT SECTION 25 COMPLIANCE

Section 25 of the Act stipulates that:

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

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

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

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

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

4. SIGNIFICANT NON-CASH TRANSACTIONS

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

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

5. BANK BALANCES – RESTRICTED

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

6. RESERVE TRANCHE AND BALANCES WITH THE INTERNATIONAL MONETARY FUND

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

7. OTHER FOREIGN CREDIT INSTRUMENTS

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

8. ACCRUED INTEREST AND CASH-IN-TRANSIT

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

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

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

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

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

10. BELIZE GOVERNMENT SECURITIES

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

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

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

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

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

11. BELIZE GOVERNMENT CURRENT ACCOUNT

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

12. OTHER ASSETS

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

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

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

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

13. INVESTMENT IN SECURITIES

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

14. PROPERTY AND EQUIPMENT

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

15. INTANGIBLE ASSETS

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

Intangible assets primarily comprise computer software and related costs.

16. DEPOSITS BY LICENSED FINANCIAL INSTITUTIONS

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

17. DEPOSITS BY INTERNATIONAL AGENCIES

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

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

18. OTHER LIABILITIES

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

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

19. LOANS FROM FOREIGN INSTITUTIONS

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

20. IMF SDR ALLOCATIONS

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

21. COMMERCIAL BANKS' DISCOUNT FUND

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

The USAID loan has the following terms:

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

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

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

22. REVALUATION ACCOUNT

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

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

23. GENERAL RESERVE FUND

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

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

24. INTEREST ON APPROVED EXTERNAL ASSETS

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

25. SALARIES AND WAGES, INCLUDING SUPERANNUATION CONTRIBUTION AND GRATUITIES

Expense recognized for employee benefits is analyzed below:

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

26. ADMINISTRATIVE AND GENERAL EXPENSES

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

27. REVALUATION – ASSET

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

28. POST EMPLOYMENT OBLIGATIONS

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

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

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

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

Significant actuarial assumptions used in the valuation were:

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

PENSION (ASSET) LIABILITY

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

28. POST EMPLOYMENT OBLIGATIONS (Continued)

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

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

Amounts to be recognized in Statement of Other Comprehensive Income

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

Post-retirement Medical Benefit:

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

Liability to be recognized in the Statement of Financial Position:

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

29. RELATED PARTY TRANSACTIONS

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

Transactions entered into include:

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

Transactions with related party during the period were as follows:

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

Key management personnel

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

Compensations of key management personnel

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

Key management personnel

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

29. RELATED PARTY TRANSACTIONS (Continued)

Loans and advances to key management personnel

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

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

30. FINANCIAL RISK MANAGEMENT

Credit risk

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

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

Geographical concentration of assets:

Schedule A

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

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

30. FINANCIAL RISK MANAGEMENT (Continued)

Schedule B

Outline of other Local and Foreign Investments

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

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

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

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

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

Market and interest rate risk

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

30. FINANCIAL RISK MANAGEMENT (Continued)

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

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

Currency risk

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

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

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

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

30. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

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

Maturities of assets at December 31, 2012

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

Operational risk

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

31. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

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

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

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

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

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

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

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

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

* * * * * *

Statistical Appendix

Table A.1: Major Economic Indicators

	2005	2006	2007	2008	2009	2010	2011	2012
POPULATION AND EMPLOYMENT								
Population (Thousands)	289.9	299.8	309.8	322.1	333.2	323.4	332.1	338.9
Employed Labour Force (Thousands)	98.6	102.2	111.8	114.5	120.5	100.7	n.a	126.7
Unemployment Rate (%)[1]	11.0	9.4	8.5	8.2	13.1	23.3	n.a	14.4
INCOME								
GDP at Current Market Prices ($mn)	2,229.7	2,426.2	2,553.5	2,727.0	2,678.4	2,784.0	2,961.7	3,158.9
Per Capita GDP ($, Current Market Prices)	7,692.1	8,093.7	8,243.5	8,466.3	8,038.4	8,608.5	8918.0	9,319.9
Real GDP Growth (%)	3.0	4.7	1.3	3.6	0.0	2.7	1.9	5.3
Sectoral Distribution of Constant 2000 GDP (%)								
Primary Activities	18.1	16.2	12.8	12.5	11.7	11.3	10.7	12.6
Secondary Activities	14.6	17.5	17.7	18.7	21.4	20.8	20.6	19.0
Services	58.7	57.5	59.9	60.2	53.7	54.2	54.8	54.4
MONEY AND PRICES ($mn)								
Inflation (Annual Average Percentage Change)	3.7	4.2	2.3	6.4	-1.1	0.9	1.5	1.3
Currency and Demand Deposits (M1)	516.1	617.9	704.4	706.2	713.3	707.9	839.4	1,102.9
Quasi-Money (Savings and Time deposits)	815.8	887.1	1,031.7	1,260.4	1,379.9	1,377.1	1,361.9	1,340.7
Annual Change of Money Supply (%)	6.7	13.0	15.4	13.3	6.4	-0.1	5.6	11.0
Ratio of M2 to GDP (%)	59.7	62.0	68.0	72.1	78.2	75.1	74.0	77.0
CREDIT ($mn)								
Commercial Bank Loans and Advances	1,254.7	1,390.5	1,599.6	1,742.4	1,805.4	1,762.0	1,756.5	1802.6
Public Sector	63.0	48.7	40.7	19.1	10.2	8.9	9.1	16.7
Private Sector	1,191.7	1,341.8	1,558.8	1,723.2	1,795.3	1,753.1	1,747.4	1,786.0
INTEREST RATE (%)								
Weighted Average Lending Rate	14.30	14.23	14.30	14.10	14.10	13.78	13.02	11.99
Weighted Average Deposit Rate	5.5	5.75	5.97	6.35	6.12	5.61	3.65	2.55
Weighted Average Interest Rate Spread	8.8	8.48	8.33	7.75	7.86	8.17	9.37	9.44
CENTRAL GOVERNMENT FINANCES ($mn)								
Current Revenue	511.5	566.0	651.5	729.4	653.9	753.8	787.0	816.0
Current Expenditure	561.2	550.8	636.1	617.9	661.8	682.7	717.4	736.9
Current Account Surplus(+)/Deficit(-)	-49.7	15.2	15.3	111.5	-7.9	71.0	69.6	79.1
Capital Expenditure	123.1	97.1	160.4	141.6	113.3	133.1	121.7	161.1
Overall Surplus(+)/Deficit(-)	-152.3	-46.7	-30.8	41.2	-76.3	-46.3	-22.9	-30.0
Ratio of Budget Deficit to GDP at Market Prices (%)	-6.8	-1.9	-1.2	1.5	-2.8	-1.7	-0.8	-1.0
Domestic Financing (Net)[2]	-19.0	-8.9	19.3	-23.3	20.1	45.7	9.5	16.2
External Financing (Net)[3]	127.6	56.0	-0.8	-3.3	60.5	7.1	18.7	14.7

Table A.1: Major Economic Indicators continued

	2005	2006	2007	2008	2009	2010	2011	2012
BALANCE OF PAYMENTS (US $mn)								
Merchandise Exports (FOB)[4]	325.2	427.1	425.6	480.1	383.9	478.4	603.7	627.3
Merchandise Imports (FOB)	556.2	611.9	642.0	788.2	620.5	647.2	774.6	837.1
Trade Balance	-231.0	-184.8	-216.5	-308.2	-236.6	-168.9	-170.9	-209.9
Remittances (Inflows)	40.9	57.8	70.8	74.1	76.2	76.1	73.0	73.6
Tourism (inflows)	213.6	254.7	288.7	278.5	256.2	248.6	247.6	299.0
Services (Net)	143.0	210.7	229.9	216.9	182.6	175.5	169.5	225.8
Current Account Balance	-151.2	-25.4	-52.1	-144.9	-82.8	-40.1	-15.9	-28.6
Capital and Financial Flows	-141.4	-60.0	-115.5	-196.4	-102.4	-21.6	4.8	-50.6
Gross Change in Official International Reserves	12.2	-49.8	22.9	57.9	47.3	4.3	18.1	52.8
Gross Official International Reserves[5]	35.8	85.6	108.5	166.4	213.7	218.0	236.1	288.9
Monthly Import Coverage	0.7	1.5	1.8	2.3	3.7	3.6	3.3	3.8
Monthly Import Coverage net of CFZ Imports	0.8	1.8	2.3	2.8	4.2	4.5	4.3	4.6
PUBLIC SECTOR DEBT								
Disbursed Outstanding External Debt (US $mn)	970.5	985.7	972.7	956.6	1,015.6	1,011.1	1,022.1	1,017.8
Ratio of Outstanding Debt to GDP at Market Prices (%)	87.1	81.3	76.2	70.2	75.8	72.6	69.0	64.4
External Debt Service Payments (US $mn)	88.9	134.3	133.4	96.9	81.2	76.6	81.4	79.0
External Debt Service Ratio (%)[6]	14.2	17.0	16.2	11.2	11.3	9.3	8.6	7.9
Disbursed Outstanding Domestic Debt ($mn)	279.4	299.9	321.9	332.8	320.2	367.8	380.8	389.9
Domestic Debt Service Payments ($mn)	23.1	27.5	30.4	47.7	39.1	40.1	20.5	20.3

Sources: CBB, MOF and SIB

[1] Time series is at April except 2008, which is at May.

[2] Includes proceeds from the sale of BTL shares with domestic sources.

[3] Includes privatization proceeds.

[4] Includes CFZ gross sales.

[5] Starting in 2005, these numbers have been revised to reflect only usable reserves as defined by BPM5.

[6] Excludes refinancing of US$99.2mn (2002), US$50.2mn (2003), US$95.4mn (2004), US$136.7mn (2005), the restructuring amount of US$541.0mn in 2007, US$0.8mn in 2008 and US$1.0mn in 2009.

n.a. not available

Table A.2: Key Indicators for Advanced, Emerging and Developing Economies

Country	GDP Growth Rate(%)		Inflation Rate (%)		Current Account Ratio (%)		Unemployment Rate (%)	
	2011	2012	2011	2012	2011	2012	2011	2012
Advanced Economies	1.6	1.3	2.7	2.0	-0.2	-0.4	7.9	8.0
United States	1.8	2.3	3.1	2.1	-3.1	-3.0	8.3	7.8
Euro Area	1.4	-0.4	2.7	2.5	-0.5	1.0	10.4	11.8
United Kingdom	0.9	-0.2	4.5	2.8	-1.9	-3.3	7.9	7.8
Canada	2.3	2.0	2.9	1.6	-2.9	-3.4	7.5	7.1
Japan	-0.6	2.0	-0.4	-0.1	2.2	1.0	4.6	4.1
Emerging and Developing Economies								
China	9.3	7.8	5.5	2.6	3.1	2.8	4.9	4.1
India	7.9	4.5	8.9	9.2	-2.3	-4.2	10.8	9.8

Source: The Economist

Table A.3: Other Key Indicators for Advanced, Emerging and Developing Economies

Country	Fiscal Balance Ratio (%)			Government Debt Ratio (%)		
	2010	2011	2012[P]	2010	2011	2012[P]
Advanced Economies	-7.8	-6.6	-5.9	101.4	105.5	110.7
United States	-11.2	-10.1	-8.7	98.6	102.9	107.2
Euro Area	-6.2	-4.1	-3.3	85.4	88	93.6
United Kingdom	-9.9	-8.5	-8.2	75.0	81.8	88.7
Canada	-5.6	-4.4	-3.8	85.1	85.4	87.5
Japan	-9.4	-9.8	-10.0	215.3	229.6	236.6
Emerging and Developing Economies						
China	-1.5	-1.2	-1.3	33.5	25.8	22.2
Brazil	-2.7	-2.6	-2.1	65.2	64.9	64.1
Russia	-3.5	1.6	0.5	11.8	12.0	11.0
India	-9.4	-9.0	-9.5	68.0	67.0	67.6

Source: IMF

[P] - Provisional

Table A.4: Key Indicators for Central America

Country	GDP Growth Rate(%) 2011	GDP Growth Rate(%) 2012^p	Inflation Rate (%) 2011	Inflation Rate (%) 2012^p	Unemployment Rate (%) 2011	Unemployment Rate (%) 2012^p	International Reserves (US $bn) 2011	International Reserves (US $bn) 2012^p
Guatemala	3.9	3.0	6.2	3.8	3.1	4.3	6.2	6.8
Honduras	3.7	3.3	5.6	5.4	6.8	n.a.	2.9	2.6
El Salvador	1.9	1.4	5.1	0.8	6.6	n.a.	2.5	2.5
Nicaragua	6.9	4.7	7.9	6.6	na	n.a.	1.9	1.9
Costa Rica	4.2	5.1	4.7	4.6	7.7	7.8	4.8	5.4
Panama	10.8	10.7	5.9	5.7	5.4	3.8	2.5	4.6

Sources: ECLAC and IMF

^{p} - Provisional

n.a. not available

Table A.5: Key Indicators for Selected Caribbean Countries

Country	GDP Growth Rate(%) 2011	GDP Growth Rate(%) 2012	Inflation Rate (%) 2011	Inflation Rate (%) 2012	Unemployment Rate (%) 2011	Unemployment Rate (%) 2012	International Reserves (US $mn) 2011	International Reserves (US $mn) 2012
Bahamas	1.6	2.5	3.2	2.3	13.7	n.a	897	757
Barbados	0.6	0.2	9.6	4.4	11.5	11.2	805	751
Belize	1.9	5.3	1.5	1.3	n.a	14.4	236	289
Guyana	5.4	3.8	3.3	1.9	n.a	n.a	798	827
Jamaica	1.3	-0.2	6.0	7.2	12.6	13.7	2820	1990
Trinidad and Tobago	-1.4	1.0	5.3	7.7	5.1	n.a	9823	9326

Sources: CBB and ECLAC

n.a. - not available

Table A.6: List of Banks and Other Financial Institutions

Domestic Banks	International Banks	Financial Institutions
Atlantic Bank Limited	Atlantic Bank International Limited	MicRoe Finance Company Limited
Belize Bank Limited	Belize Bank International Limited	Development Finance Corporation
First Caribbean International Barbados Limited	Caye International Limited	
Heritage Bank Limited	Choice Bank Limited	
Scotiabank (Belize) Limited	Handels Bank & Trust Company Limited	
	Heritage International Bank & Trust Limited	
	Market Street Bank Limited	

Table A.7: List of Credit Unions

Belize Credit Union League	Holy Redeemer Credit Union Limited[1]	St. John's Credit Union Limited[1]
Blue Creek Credit Union Limited[1]	La Inmaculada Credit Union Limited[1]	St. Martin's Credit Union Limited
Citrus Growers and Workers Credit Union Limited	Mount Carmel Credit Union Limited	Toledo Teachers Credit Union Limited
Civil Service Credit Union Limited	Police Credit Union Limited	Wesley Credit Union Limited
Evangel Credit Union Limited	St. Francis Xavier Credit Union Limited[1]	

[1] These credit unions represent the five largest credit unions in the industry.

Table A.8: Determinants of Money Supply

$mn

	Position as at			Changes During 2012
	Dec 2010	Dec 2011	Dec 2012	
Net Foreign Assets	627.7	752.4	948.1	195.7
Central Bank	445.6	498.5	592.4	93.9
Commercial Bank	182.1	253.9	355.7	101.8
Net Domestic Credit	1,944.8	1,915.3	1,973.0	57.7
Central Government (Net)	181.1	157.6	170.6	13.0
Other Public Sector	6.1	5.4	11.3	5.9
Private Sector	1,757.6	1,752.3	1,791.1	38.8
Central Bank Foreign Liabilities (Long-Term)	69.6	69.4	64.0	-5.4
Other Items (Net)	417.9	397.0	413.5	16.5
Money Supply (M2)	2,085.0	2,201.3	2,443.6	242.3

Table A.9: Money Supply

$mn

	Position as at			Changes During 2012
	Dec 2010	Dec 2011	Dec 2012	
Money Supply (M2)	2,085.0	2,201.3	2,443.6	242.3
Money Supply (M1)	707.9	839.4	1,102.9	263.6
Currency with the Public	157.8	171.3	193.1	21.8
Demand Deposits	355.6	456.4	709.3	252.9
Savings/Cheque Deposits	194.5	211.7	200.5	-11.1
Quasi-Money	1,377.1	1,361.9	1,340.7	-21.3
Savings Deposits	208.8	271.0	323.0	52.0
Time Deposits	1,168.3	1,090.9	1,017.7	-73.3

Table A.10: Net Foreign Assets of the Banking System

$mn

	Position as at			Changes During 2012
	Dec 2010	Dec 2011	Dec 2012	
Net Foreign Assets	627.7	752.4	948.1	195.8
Central Bank	445.6	498.5	592.4	94.0
Foreign Assets	448.7	500.2	594.5	94.4
Foreign Liabilities (Demand)	3.1	1.7	2.1	0.4
Commercial Banks	182.1	253.9	355.7	101.8
Foreign Assets	226.5	274.4	362.9	88.5
Foreign Liabilities (Short-Term)	44.4	20.5	7.2	-13.3

Table A.11: Net Domestic Credit

$mn

	Position as at			Changes During 2012
	Dec 2010	Dec 2011	Dec 2012	
Total Credit to Central Government	318.3	327.4	333.4	6.0
From Central Bank	153.0	162.7	154.1	-8.6
From Commercial Banks	165.3	164.7	179.3	14.6
Less Central Government Deposits	137.1	169.8	162.8	-7.0
Net Credit to Central Government	181.2	157.6	170.6	13.0
Plus Credit to Other Public Sector	6.1	5.4	11.3	5.9
Plus Credit to the Private Sector	1,757.6	1,752.3	1,791.1	38.8
Net Domestic Credit of the Banking System	1,944.8	1,915.3	1,973.0	57.7

Table A.12: Sectoral Composition of Commercial Banks' Loans and Advances

$mn

	Position as at			Changes Dec 2011 to Dec 2012
	Dec 2010	Dec 2011	Dec 2012	
PRIMARY SECTOR	194.5	191.3	182.1	-9.2
Agriculture	132.4	134.1	124.7	-9.4
Sugar	13.0	13.4	13.5	0.1
Citrus	18.9	17.2	16.6	-0.6
Bananas	78.4	78.2	69.5	-8.7
Other	22.1	25.3	25.1	-0.2
Marine Products	37.5	35.3	35.4	0.1
Forestry	1.6	1.6	1.2	-0.4
Mining and Exploration	23.0	20.3	20.8	0.5
SECONDARY SECTOR	521.2	508.8	545.5	36.7
Manufacturing	47.2	35.1	32.5	-2.6
Building and Construction	447.9	443.8	478.0	34.2
Utilities	26.1	29.9	35.0	5.1
TERTIARY SECTOR	661.4	650.9	649.2	-1.7
Transport	57.9	51.7	49.9	-1.8
Tourism	137.8	108.1	96.2	-11.9
Distribution	217.7	213.0	202.3	-10.7
Other[1]	248.0	278.1	300.8	22.7
PERSONAL LOANS	384.9	405.5	425.8	20.3
TOTAL	1,762.0	1,756.5	1,802.6	46.1

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

Table A.13: Commercial Banks' Holdings of Approved Liquid Assets

$mn

	Position as at			Changes During 2012
	Dec 2010	Dec 2011	Dec 2012	
Holdings of Approved Liquid Assets	608.2	693.8	815.8	121.9
Notes and Coins	64.6	57.9	68.9	11.0
Balances with Central Bank	225.6	268.4	338.6	70.2
Money at Call and Foreign Balances (due in 90 days)	135.2	194.6	220.1	25.4
Treasury bills maturing in not more than 90 days	150.9	156.9	173.2	16.3
Other Approved Assets	31.9	16.0	15.0	-1.0
of which: Treasury notes	16.6	2.5	0.0	-2.5
Required Liquid Assets	448.1	472.7	505.7	33.0
Excess/(Deficiency) Liquid Assets	160.1	221.1	310.1	88.9
Daily Average Holdings of Cash Reserves	226.1	270.4	339.5	69.1
Required Cash Reserves	165.6	174.7	186.9	12.2
Excess/(Deficiency) Cash Reserves	60.5	95.7	152.6	56.9
Actual Securities Balances	153.0	151.5	173.9	22.4
Required Securities Balances	128.3	0.0	0.0	0.0
Excess/(Deficiency) Securities	24.7	151.5	173.9	22.4

Table A.14: Commercial Banks' Weighted Average Interest Rates

Percentages

	Position as at			Changes Dec 2011 to Dec 2012
	Dec 2010	Dec 2011	Dec 2012	
Weighted Lending Rates				
Personal Loans	15.50	14.24	12.95	-1.29
Commercial Loans	13.39	12.91	12.15	-0.76
Residential Construction	13.18	11.88	10.49	-1.39
Other	12.32	11.84	10.32	-1.52
Weighted Average	13.78	13.02	11.99	-1.03
Weighted Deposit Rates				
Demand	0.48	0.48	0.43	-0.05
Savings/Cheque	5.00	2.49	2.45	-0.04
Savings	4.97	2.98	2.88	-0.10
Time	7.42	5.37	3.95	-1.42
Weighted Average	5.61	3.65	2.55	-1.10
Weighted Average Spread	8.17	9.37	9.44	0.07

Table A.15: Commercial Banks' Weighted Average Interest Rates on New Loans and Deposits

Percentages

	Position as at			Changes Dec 2011 to Dec 2012
	Dec 2010	Dec 2011	Dec 2012	
Weighted Lending Rates				
Personal Loans	15.57	11.84	10.12	-1.72
Commercial Loans	14.20	12.25	10.81	-1.44
Residential Construction	13.15	10.06	10.68	0.62
Other	13.77	10.83	9.00	-1.83
Weighted Average	14.36	11.79	10.33	-1.46
Weighted Deposit Rates				
Demand	0.00	0.00	0.00	0.00
Savings/Cheque	4.87	1.42	1.71	0.29
Savings	4.65	2.51	0.92	-1.59
Time	8.06	3.99	3.48	-0.51
Weighted Average	8.02	3.83	3.10	-0.73
Weighted Average Spread	6.34	7.96	7.23	-0.73

Table A.16: GDP by Activity at Current and Constant 2000 Prices

$mn

	2007	2008	2009	2010	2011	2012
GDP at current Market Prices	**2,553.5**	**2,727.0**	**2,678.4**	**2,784.0**	**2,961.7**	**3,158.9**
GDP at constant 2000 Market Prices	**2,294.1**	**2,377.7**	**2,377.6**	**2,442.3**	**2,489.1**	**2,620.6**
Primary Industries	**283.9**	**284.1**	**277.8**	**277.4**	**266.5**	**330.2**
Agriculture, Hunting and Forestry	230.4	232.1	220.9	220.7	208.2	264.9
Fishing	53.5	52.0	56.9	56.7	58.3	65.3
Secondary Industries	**415.2**	**456.5**	**507.7**	**508.9**	**513.9**	**497.5**
Manufacturing (including Mining and Quarrying)	254.2	268.2	285.5	271.0	275.7	261.9
Electricity and Water	92.5	95.4	111.7	133.7	135.8	124.8
Construction	68.5	93.0	110.5	104.2	102.4	110.8
Tertiary Industries	**1,252.1**	**1,292.9**	**1,275.8**	**1,322.9**	**1,364.7**	**1,425.0**
Wholesale and Retail Trade	332.9	347.7	325.0	343.7	357.1	382.4
Hotels and Restaurants	91.4	85.9	81.8	87.9	92.0	96.9
Transport and Communications	258.2	262.5	255.4	262.8	274.2	289.7
Other Private Services excluding Financial Services Indirectly Measured	373.8	392.0	400.8	401.8	407.4	412.8
Producers of Government Services	195.9	204.8	212.8	226.7	234.0	243.2
All Industries at basic prices	**1,954.1**	**2,033.5**	**2,061.4**	**2,109.2**	**2,145.1**	**2,252.7**
Taxes less subsidies on products	340.0	342.9	316.2	333.1	344.0	367.9

Source: SIB

Table A.17: Annual Percentage Change in GDP by Activity at Current and Constant 2000 Prices

	2007	2008	2009	2010	2011	2012
GDP at current Market Prices	**5.2%**	**6.8%**	**-1.1%**	**3.9%**	**6.4%**	**6.7%**
GDP at constant 2000 Market Prices	**1.3%**	**3.6%**	**0.0%**	**2.7%**	**1.9%**	**5.3%**
Primary Industries	**-20.7%**	**0.0%**	**-2.2%**	**-0.1%**	**-3.9%**	**23.9%**
Agriculture, Hunting and Forestry	-1.4%	0.7%	-4.8%	-0.1%	-5.7%	27.2%
Fishing	-57.0%	-2.9%	9.4%	-0.3%	2.8%	12.0%
Secondary Industries	**4.9%**	**9.9%**	**11.2%**	**0.2%**	**1.0%**	**-3.2%**
Manufacturing (including Mining and Quarrying)	8.3%	5.5%	6.5%	-5.1%	1.7%	-5.0%
Electricity and Water	2.4%	3.1%	17.1%	19.7%	1.6%	-8.1%
Construction	-3.0%	35.7%	18.8%	-5.7%	-1.7%	8.2%
Tertiary Industries	**5.0%**	**3.3%**	**-1.3%**	**3.7%**	**3.2%**	**4.4%**
Wholesale and Retail Trade	1.9%	4.5%	-6.5%	5.8%	3.9%	7.1%
Hotels and Restaurants	4.5%	-6.0%	-4.8%	7.5%	4.7%	5.3%
Transport and Communications	14.0%	1.7%	-2.7%	2.9%	4.3%	5.7%
Other Private Services excluding Financial Services Indirectly Measured	2.6%	4.9%	2.2%	0.3%	1.4%	1.3%
Producers of Government Services	4.4%	4.6%	3.9%	6.5%	3.2%	3.9%
All Industries at basic prices	**-0.1%**	**4.1%**	**1.4%**	**2.3%**	**1.7%**	**5.0%**
Taxes less subsidies on products	10.3%	0.9%	-7.8%	5.3%	3.3%	6.9%

Source: SIB

Table A.18: Sugarcane Deliveries

	2009/2010	2010/2011	2011/2012
Deliveries to BSI (long tons)	1,122,765	843,786	1,070,278

Source: BSI

Table A.19: Citrus Fruit Deliveries

	2009/2010	2010/2011	2011/2012
Deliveries (‘000 boxes)	5,241	5,120	6,686
Oranges	3,851	4,447	5,806
Grapefruits	1,390	673	880

Source: CGA

Table A.20: Sugar and Molasses Production

	2009/2010	2010/2011	2011/2012
Sugar Processed (long tons)	88.144	98,482	114,536
Molasses Processed (long tons)	54,248	28,727	30,955
Performance			
Factory Time Efficiency	93.89	90.30	95.27
Cane Purity (%)	80.29	87.46	85.77
Cane/Sugar Ratio	12.73	8.57	9.34

Source: BSI

Table A.21: Production of Citrus Juices and Pulp

	2009/2010	2010/2011	2011/2012
Production ('000 ps)	27,995	31,091	39,888
Orange Concentrate	22,023	28,047	36,299
Grapefruit Concentrate	5,023	2,644	3,265
Not-from-concentrate (NFC)	948	400	323
Production ('000 pounds)			
Pulp	1,406	1,890	2,947
Citrus Oil	1,683	1,571	2,175

Source: CPBL

Table A.22: Labour Force Statistics

Indicators	Apr-09	Sept-09	Apr-12	Sept-12
Labour Force	138,604	144,364	148,093	151,011
Employed Population	120,511	126,188	126,722	126,624
Unemployed Population	18,093	18,176	21,371	24,387
Unemployment Rate	13.1	12.6	14.4	16.1
Labour Force Participation Rate	62.2	63.0	65.4	66.1

Source: SIB

Table A.23: Bona Fide Tourist Arrivals and Expenditure

	2010	2011	2012
Stayover Arrivals			
Air	173,398	181,541	212,514
Land	43,452	40,741	36,327
Sea	9,782	10,944	8,450
Total stayovers	**226,632**	**233,226**	**257,291**
Cruise Ship Arrivals[1]	**688,165**	**654,790**	**576,661**
Tourist Expenditure ($mn)	**518.5**	**495.1**	**514.1**

Sources: BTB, CBB and Immigration Department

[1] Arrivals measure tourists disembarking from the ship.

Table A.24: Annual Percentage Change in CPI Components by Major Commodity Group

Major Commodity	Weights	Annual Change Feb -12	May -12	Aug -12	Nov-12	Average Change
Food and Non-Alcoholic Beverages	195.0	3.9	3.6	0.5	1.0	2.4
Alcoholic Beverages and Tobacco	16.6	-0.4	0.8	0.1	-0.5	0.1
Clothing and Footware	82.9	-0.9	-1.8	-1.0	-0.5	-1.1
Housing, Water, Electricty, Gas, and Other Fuels	264.8	0.9	0.6	0.0	-0.3	0.4
Furnishing, Household Equipment and Routine Household Maintenance	69.3	-0.9	0.8	-1.9	-1.2	-0.7
Health	41.4	0.9	3.0	6.8	6.3	4.1
Transport	135.7	6.1	2.8	-0.6	0.9	2.3
Communication	33.5	0.5	-2.0	-0.3	-1.3	-0.7
Recreation and Culture	69.4	0.6	3.9	5.0	3.8	3.6
Education	32.5	0.9	0.1	-2.2	-0.8	-0.7
Restaurants and Hotels	7.0	1.7	2.3	-0.7	1.3	1.1
Miscellaneous Goods and Services	52.0	1.8	4.7	4.1	1.2	3.1
All Items	**1000**	**1.9**	**1.8**	**0.6**	**0.6**	**1.3**

Source: SIB

Table A.25: Balance of Payments - Merchandise Trade

$mn

	2010	2011	2012	Change
Goods Exports, FOB	**956.7**	**1207.4**	**1254.5**	**3.9%**
of which: Domestic Exports	569.7	704.6	683.3	-3.0%
CFZ sales	350.8	438.6	493.7	12.6%
Other Re-exports	36.2	64.2	77.6	20.9%
Goods Imports, FOB	**1,294.4**	**1,549.1**	**1,674.2**	**8.1%**
of which: Domestic Economy	1054.6	1,196.5	1,354.5	13.2%
CFZ[1]	239.9	352.6	319.7	-9.3%
Merchandise Trade Balance	**-337.8**	**-341.8**	**-419.7**	**22.8%**

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

Table A.26: Domestic Exports

$mn

	2010	2011	2012
Traditional Exports	**321.7**	**345.0**	**413.9**
Sugar	58.7	90.1	107.8
Citrus Juices[1]	93.7	95.1	123.3
Citrus Concentrate	*93.7*	*95.1*	*123.1*
Not-from-Concentrate	*0.0*	*0.0*	*0.2*
Molasses[1]	4.3	3.4	3.8
Bananas	71.6	67.9	92.6
Marine[1]	67.5	62.5	70.9
Papayas	25.9	25.9	15.5
Petroleum[2]	**201.3**	**292.1**	**186.3**
Non-traditional Exports	**46.7**	**67.5**	**83.2**
Total Exports	**569.7**	**704.6**	**683.3**

Sources: SIB, BSI, CPBL and CBB

(1) Reflect actual sales and not export shipments as reported by SIB.

(2) Estimated FOB value of petroleum shipments.

Table A.27: Exports of Sugar and Molasses

	2010		2011		2012	
	Volume (long tons)	Value ($'000)	Volume (long tons)	Value ($'000)	Volume (long tons)	Value ($'000)
Sugar[1]	**72,363**	**58,721**	**81,039**	**90,131**	**97,134**	**107,770**
EU	72,243	58,607	67,189	67,927	79,933	81,987
US	0	0	13,730	22,075	17,081	25,645
CARICOM	0	0	0	0	0	0
Other	120	114	120	130	120	138
Molasses[2]	**42,303**	**4,260**	**20,968**	**3,408**	**22,135**	**3,805**

Sources: BSI and SIB

[1] Reflects value of export shipments.

[2] Relect actual sales as reported by the processor.

Table A.28: Export Sales of Citrus Juices and Pulp[1]

	2010	2011	2012
Concentrate ('000 ps)	**36,875**	**30,626**	**36,128**
Orange	30,784	27,781	32,171
Grapefruit	6,092	2,845	3,957
Concentrate value ($mn)	**93.7**	**95.1**	**123.1**
Orange	77.3	86.1	108.8
Grapefruit	16.4	9.0	14.3
Not-from-concentrate Exports ('000 ps)	**0.4**	**4.3**	**29.6**
Orange	0.0	0.0	19.9
Grapefruit	0.4	4.3	9.6
Not-from-concentrate Value ($mn)	**0.0**	**0.0**	**0.2**
Orange	0.0	0.0	0.1
Grapefruit	0.0	0.0	0.1
Pulp Export ('000 pounds)	**1,654**	**1,904**	**1,904**
Pulp Value ($mn)	**1.2**	**1.4**	**1.5**

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.29: Export of Bananas

	2010	2011	2012
Volume (metric tons)	77,826	74,108	103,710
Value ($mn)	71.6	67.9	92.6

Source: BGA

Table A.30: Export of Marine Products

	2010		2011		2012	
	Volume ('000 lbs)	Value ($'000)	Volume ('000 lbs)	Value ($'000)	Volume ('000 lbs)	Value ($'000)
Lobster Tail	600.1	14,313	668.4	19,238	722.1	15,487
Shrimp[1]	12478.5	43,976	10575.4	33,949	10938.4	42,508
Conch	704.8	7,645	821.3	8,727	1119.1	11,988
Whole/Fillet Fish	1277.7	1,519	1257.3	617	401.5	904
Other	0.0	0	0.0	0	0.0	0
Total	**15,061.1**	**67,453**	**13,322.4**	**62,531**	**13,181.0**	**70,887**

Sources: CBB and SIB

[1] Data reflect actual sales and not export shipments as reported by SIB.

Table A.31: Other Major Exports

	2010	2011	2012
Garments			
Volume (mn lbs)	0.01	0.00	0.07
Value ($mn)	0.2	0.1	1.2
Papayas			
Volume ('000 lbs)	66,727	60,519	42,762
Value ($mn)	25.9	25.9	15.5
Petroleum[1]			
Volume (barrels)	1,432,400	1,346,332	891,817
Value ($mn)	201.3	292.1	186.3

Source: SIB

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

Table A.32: Gross Imports (CIF) by Standard International Trade Classification (SITC)

$mn

	SITC Category	2008	2009	2010	2011	2012
	Food and Live Animals	160.4	155.3	155.0	166.3	193.2
1	Beverages and Tobacco	15.6	174.0	22.7	31.6	40.2
2	Crude Materials	12.7	13.1	14.8	19.7	17.1
3	Fuels and Lubricants	271.1	209.6	230.7	264.8	286.4
	Of which electricity	*66.3*	*40.1*	*37.0*	*51.9*	*85.9*
4	Animal and Vegetable Oils	5.8	5.3	6.6	11.1	14.2
5	Chemicals	118.1	124.6	126.3	146.7	159.4
6	Manufactured Goods	230.9	178.3	196.9	203.4	203.1
7	Machinery and Transport Equipment	351.6	266.3	233.4	252.0	319.0
8	Miscellaneous Manufactured Goods	100.0	96.1	95.6	106.6	106.2
9	Commodities - not classified elsewhere	1.6	0.5	0.6	0.0	3.3
	Export Processing Zones	91.8	74.1	63.2	69.2	64.9
	Personal Goods	3.3	3.4	2.8	3.6	5.4
	Total	**1,362.7**	**1,300.7**	**1,148.4**	**1,275.0**	**1,412.4**
	CFZ Direct Imports	311.7	191.5	262.9	387.5	351.3
	Grand Total	**1,674.5**	**1,492.1**	**1,411.3**	**1,662.5**	**1,763.7**

Sources: CBB and SIB

Table A.33: Balance of Payments - Service and Income Balances

$mn

	2010			2011			2012		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Services	**676.0**	**325.0**	**351.0**	**681.1**	**342.2**	**338.9**	**827.2**	**375.6**	**451.6**
Transportation	38.6	115.6	-77.0	44.8	140.5	-95.7	44.7	147.8	-103.1
Travel	497.2	73.3	423.9	495.1	67.5	427.6	598.0	73.8	524.2
Other Goods and Services	83.1	118.5	-35.4	82.8	116.7	-33.8	104.8	132.6	-27.7
Government Goods and Services, NIE	57.0	17.6	39.4	58.3	17.5	40.8	79.6	21.4	58.2
Primary Income	**9.2**	**286.2**	**-277.0**	**9.5**	**205.9**	**-196.4**	**10.2**	**250.8**	**-240.6**
Labour Income	4.7	11.3	-6.6	4.7	10.4	-5.7	4.7	14.0	-9.3
Investment Income[1]	4.5	274.9	-270.4	4.8	195.5	-190.7	5.5	236.8	-231.3
Secondary Income	**230.1**	**46.4**	**183.7**	**214.8**	**47.3**	**167.5**	**206.3**	**54.7**	**151.6**
Government	2.2	8.7	-6.5	1.4	7.1	-5.8	0.3	8.3	-7.9
Private	227.9	37.6	190.2	213.4	40.2	173.2	205.9	46.4	159.5

[1] Data include an estimate for profit remittances from the tourism and oil industries.
NIE - not incuded elsewhere.

Table A.34: Percentage Distribution of Visible Trade by Country/Area

Percentage

	Exports[1]			Imports[2]		
	2010	2011	2012	2010	2011	2012
US	46.9	59.7	45.1	34.3	32.0	29.2
Mexico	2.7	1.7	1.3	9.9	9.2	10.5
UK	25.1	19.2	22.7	1.5	1.5	1.2
Other EU	4.2	2.5	11.5	3.1	3.1	3.0
Central America	9.7	0.8	1.0	16.9	15.2	16.3
CARICOM	6.4	7.4	10.2	2.1	2.1	3.1
Canada	0.2	0.3	0.3	0.8	0.8	0.7
Netherland Antilles	0.0	0.0	0.0	13.7	13.4	14.1
China	0.4	1.0	0.9	10.6	14.2	12.5
Other	4.4	7.5	7.0	6.9	8.5	9.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Sources: CBB and SIB
[1] Exclude CFZ sales.
[2] Include electricity imports from Mexico.

Table A.35: Balance of Payments - Capital and Financial Accounts

$mn

	2010 Net	2011 Net	2012 Net
CAPITAL ACCOUNT	**11.3**	**47.3**	**45.0**
General Government	10.7	34.2	45.0
Other Sectors	0.6	13.1	0.0
FINANCIAL ACCOUNT	**-54.4**	**-37.8**	**-146.2**
Direct Investment Abroad	2.2	1.3	1.8
Direct Investment in Belize	194.4	190.7	388.4
Portfolio Investment Assets	4.4	14.1	0.3
Portfolio Investment Liabilities	-11.2	-12.2	-6.5
Financial Derivatives Assets	0.0	0.0	0.0
Financial Derivatives Liabilities	0.0	0.0	0.0
Other Investment Assets	26.2	47.1	85.9
Monetary Authorities	0.1	-0.0	-0.0
General Government	4.6	0.0	0.0
Banks	22.5	48.0	88.5
Other Sectors	0.9	-0.8	-2.5
Other Investment Liabilities	-96.0	-78.1	-147.7
Monetary Authorities	0.8	-1.4	0.4
General Government	-0.8	7.6	5.1
Banks	-29.3	-23.4	-13.8
Other Sectors	-64.7	-60.9	-139.4
NET ERRORS AND OMISSIONS	**23.0**	**-17.4**	**-28.5**
CHANGES IN RESERVES	**8.6**	**36.2**	**105.6**

Table A.36: Official International Reserves

	Position as at			Changes during 2012
	Dec-10	Dec-11	Dec-12	
Gross Official International Reserves	**436.0**	**472.2**	**577.8**	**105.6**
Central Bank of Belize	**419.2**	**455.4**	**561.0**	**105.6**
Holdings of SDRs	62.0	61.7	61.6	-0.1
IMF Reserve Tranche	13.0	13.0	13.0	0.0
Other	344.2	380.8	486.4	105.7
Central Government	**16.7**	**16.7**	**16.7**	**0.0**
Foreign Liabilities	**3.1**	**1.7**	**2.1**	**0.4**
CARICOM	1.1	0.4	0.6	0.1
Other	2.0	1.3	1.6	0.3
Net Official International Reserves	**432.9**	**470.5**	**575.6**	**105.2**

Table A.37: Private Sector External Debt by Economic Sector[1]

$'000

Economic Sectors	Disbursed Outstanding as at 31/12/11	January - December 2012 Disbursements	Principal Payments	Interest Payments	Disbursed Outstanding as at 31/12/12
Agriculture	73,871	420	3,686	2,420	70,876
Arts, Entertainment and Recreation	1,700	0	0	0	1,700
Construction	59,804	0	259	7,625	59,545
Education	213	0	16	1	198
Electricity and Gas	76,007	0	136	884	75,871
Financial and Insurance Activities	111	0	0	0	111
Fishing	125,110	1,000	7,968	3,892	118,142
Information and Communication	0	0	0	0	0
Real Estate Activities	106	0	0	0	106
Toursim Activities	48,560	0	2,652	1,422	45,908
Transportation	48,659	0	11,328	1,265	37,331
Wholesale and Retail Trade	1,798	0	91	50	1,707
Total	**435,940**	**1,420**	**26,136**	**17,560**	**411,495**

[1] The loans only cover that portion of the private sector debt that is reported to the Central Bank of Belize.

Table A.38: Balance of Payments Summary

$mn

	2010	2011	2012
CURRENT ACCOUNT	**-80.1**	**-31.8**	**-57.1**
Goods: Exports FOB	956.7	1207.4	1254.5
Goods: Imports FOB	1,294.4	1,549.1	1,674.2
Trade Balance	-337.8	-341.8	-419.7
Services: Credit	676.0	681.1	827.2
Transportation	38.6	44.8	44.7
Travel(1)	497.2	495.1	598.0
Other Goods and Services	83.1	82.8	104.8
Government Goods and Services	57.0	58.3	79.6
Services: Debit	325.0	342.2	375.6
Transportation	115.6	140.5	147.8
Travel	73.3	67.5	73.8
Other Goods and Services	118.5	116.7	132.6
Government Goods and Services	17.6	17.5	21.4
Balance on Goods and Services	13.3	-2.9	31.9
Primary Income: Credit	9.2	9.5	10.2
Compensation of Employees	4.7	4.7	4.7
Investment Income	4.5	4.8	5.5
Primary Income: Debit	286.2	205.9	250.8
Compensation of Employees	11.3	10.4	14.0
Investment Income(2)	274.9	195.5	236.8
Balances on Goods, Services and Income	-263.7	-199.2	-208.7
Secondary Income: Credit	230.1	214.8	206.3
Government	2.2	1.4	0.3
Private	227.9	213.4	205.9
Secondary Income: Debit	46.4	47.3	54.7
Government	8.7	7.1	8.3
Private	37.6	40.2	46.4
CAPITAL ACCOUNT, n.i.e.	**11.3**	**47.3**	**45.0**
Capital Account: Credit	13.4	48.5	45.0
Capital Account: Debit	2.2	1.2	0.0

Table A.38: Balance of Payments Summary continued

$mn

	2010	2011	2012
FINANCIAL ACCOUNT, n.i.e.	**-54.4**	**-37.8**	**-146.2**
Direct Investment Abroad	2.2	1.3	1.8
Direct Investment in Belize, n.i.e.	194.4	190.7	388.4
Net Direct Investment	*-192.2*	*-189.4*	*-386.7*
Portfolio Investment Assets	4.4	14.1	0.3
Portfolio Investment Liabilities, n.i.e.	-11.2	-12.2	-6.5
Net Portfolio Investment	*15.6*	*26.4*	*6.9*
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	26.2	47.1	85.9
Other Investment Liabilities	-96.0	-78.1	-147.7
Net Other Investment	*122.2*	*125.2*	*233.6*
NET ERRORS AND OMISSIONS	**23.0**	**-17.4**	**-28.5**
RESERVE ASSETS	**8.6**	**36.2**	**105.6**

(1) Tourism earnings were based on Visitor Expenditure Surveys.
(2) Data include an estimate for profit remittances from the tourism industry.
n.i.e not included elsewhere.

Table A.39: Central Government's Revenue and Expenditure

$'000

	Fiscal Year 2011/2012	Estimated Budget 2012/2013	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2012
TOTAL REVENUE & GRANTS (1+2+3)	846,257	862,643	769,522	816,198	868,000
1). Current Revenue	795,882	819,369	753,768	786,999	815,994
Tax Revenue	671,122	683,285	644,982	666,440	683,943
Income and Profits	238,218	226,157	239,063	236,420	226,103
Taxes on Property	6,673	6,873	5,495	7,468	4,882
Taxes on Goods and Services	230,251	263,861	238,516	236,417	258,812
International Trade and Transactions	195,980	186,395	161,908	186,135	194,145
Non-Tax Revenue	124,760	136,084	108,786	120,560	132,050
Property Income(1)	40,347	20,609	32,013	38,057	30,141
Licenses	12,578	12,929	12,828	11,530	16,788
Transfers from Government Departments	25,184	39,029	30,618	24,099	25,888
Repayment of Old Loans	11,283	31,808	3,886	12,268	28,412
Rent and Royalties(2)	35,368	31,709	29,441	34,605	30,821
2). Capital revenue	7,839	8,075	3,979	6,164	6,455
3). Grants	42,536	35,199	11,774	23,034	45,552
TOTAL EXPENDITURE (1+2)	889,289	937,857	815,864	839,095	898,016
1). Current Expenditure	729,103	777,733	682,734	717,380	736,944
Wages and Salaries	296,421	294,743	278,293	290,968	299,640
Pensions	51,634	50,826	46,089	49,895	54,108
Goods and Services	174,117	170,369	164,075	172,703	174,386
Interest Payments	102,342	135,176	95,801	103,562	93,425
Subsidies and Current Transfers	104,589	126,619	98,476	100,251	115,385
2). Capital Expenditure	160,186	160,124	133,130	121,715	161,073
Capital II (Local Sources)	74,462	79,330	74,748	69,653	65,276
Capital III (Foreign Sources)	80,879	77,541	42,691	46,409	92,450
Capital Transfer and Net Lending	4,846	3,253	15,692	5,654	3,348
CURRENT BALANCE	**66,779**	**41,635**	**71,034**	**69,620**	**79,050**
OVERALL BALANCE	**-43,032**	**-75,214**	**-46,342**	**-22,897**	**-30,016**
PRIMARY BALANCE	**59,310**	**59,962**	**49,459**	**80,665**	**63,409**
OVERALL BALANCE WITHOUT GRANTS	*-85,568*	*-110,414*	*-58,117*	*-45,931*	*-75,568*
PRIMARY BALANCE WITHOUT GRANTS	*16,774*	*24,763*	*37,685*	*57,631*	*17,858*

Table A.39: Central Government's Revenue and Expenditure continued

$'000

	Fiscal Year 2011/2012	Estimated Budget 2012/2013	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2012
FINANCING	**43,032**	**75,214**	**46,342**	**22,897**	**30,016**
Domestic Financing	17,819		45,686	9,457	16,192
Central Bank	-8,948		-50,060	-23,121	2,808
Net Borrowing	15,568		-16,972	9,639	-8,543
Change in Deposits	-24,516		-33,088	-32,760	11,350
Commercial Banks	-2,879		35,596	-487	9,723
Net Borrowing	-6,787		53,700	-538	14,147
Change in Deposits	3,908		-18,104	51	-4,424
Other Domestic Financing[3]	29,645		60,150	33,065	3,661
Financing Abroad	22,278		7,097	18,739	14,686
Disbursements	70,840		61,761	71,698	71,432
Amortization	-48,562		-54,663	-52,959	-56,746
Other	2,935		-6,441	-5,299	-862

Sources: CBB and MOF

(1) Includes $10.2mn (2010), $14.7mn (2011) and $18.0mn (2012) as working interest from BNE.

(2) Rent and royalties included $16.0mn (2010), $20.8mn (2011) and $15.9mn (2012) from BNE.

(3) Proceeds from the sale of BTL shares included $47.5mn (2010) and $28.0mn (2011).

Table A.40: Central Government's Domestic Debt 2012[1]

$'000

	Disbursed Outstanding Debt 12/31/2011	TRANSACTIONS THROUGH DECEMBER 2012 Disbursement/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	Disbursed Outstanding Debt 12/31/2012
Overdraft/Loans	**48,130**	**0**	**0**	**5,571**	**8,220**	**56,350**
Central Bank	48,130			5,571	8,220	56,350
Commercial Banks	0			0	0	0
Treasury Bills	**175,000**	**0**	**0**	**3,399**	**0**	**175,000**
Central Bank	22,331	0	0	252	(22,331)	0
Commercial Banks	151,027	0	0	3,124	22,453	173,480
Other	1,642	0	0	23	(122)	1,520
Treasury Notes	**136,500**	**0**	**0**	**6,808**	**0**	**136,500**
Central Bank	82,228	0	0	6,099	5,569	87,797
Commercial Banks	10,000	0	0	300	(10,000)	0
Other	44,272	0	0	409	4,431	48,703
Defence Bonds	**10,000**	**0**	**0**	**800**	**0**	**10,000**
Central Bank	10,000		0	800	0	10,000
Commercial Banks	0		0	0	0	0
Other	0		0	0	0	0
Atlantic Bank Limited	**1,431**	**0**	**267**	**107**	**0**	**1,163**
Heritage Bank Limited	**2,270**	**3,191**	**1,229**	**356**	**0**	**4,230**
Belize Social Security Board[2]	**3,505**	**0**	**932**	**255**	**0**	**2,572**
Fort Street Tourism Village	**0**	**571**	**285**	**0**	**0**	**285**
Debt-for-Nature-Swap	**2,963**	**0**	**153**	**85**	**0**	**2,810**
Guardian Life Belize	**1,000**	**0**	**0**	**90**	**0**	**1,000**
Total	**380,798**	**3,762**	**2,867**	**17,470**	**8,220**	**389,910**

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

[2] Government has outstanding loan with BSSB consisting of (i) Hopeville Housing Project and (ii) loan purchased from DFC (as of 30 January 2007).

Table A.41: Public Sector External Debt by Source

$mn

	Outstanding Debt 12/31/2011	Disbursement	Amortization	Interest and Other Charges	Valuation Adjustments	Outstanding Debt 12/31/2012
Bilateral	**347.1**	21.5	28.1	9.1	-0.2	**340.2**
Bonds	**1,100.1**	0.0	6.5	56.7	0.0	**1,093.5**
Commercial Banks	**10.6**	0.0	4.2	0.1	0.0	**6.4**
Multilateral	**586.5**	50.0	41.2	12.7	0.2	**595.5**
Total	**2,044.2**	**71.5**	**80.1**	**78.6**	**0.1**	**2,035.7**

Table A.42: Central Government's External Debt 2012

$'000

	Disbursed Outstanding Debt 12/31/2011	*TRANSACTIONS THROUGH DECEMBER 2012*				Disbursed Outstanding Debt 12/31/2012
		Disbursements	*Principal Payments*	*Interest and Other Payments*	*Parity Change*	
CENTRAL GOVERNMENT	**1,909,587**	**71,432**	**56,746**	**76,708**	**119**	**1,924,392**
Banco Nacional de Comercio Exterior	3,705	0	1,059	209	0	2,647
Government of the United States	749	0	365	33	0	384
Government of Venezuela	37,492	0	1,441	349	0	36,050
Kuwait Fund for Arab Economic Development	20,412	1,516	4,010	1,184	-131	17,788
Republic of China/TAIWAN	280,740	20,000	20,409	7,161	-0	280,331
Caribbean Development Bank	196,985	12,685	10,430	6,066	0	199,240
Caricom Development Fund	2,000	140	0	79	0	2,140
European Economic Community	13,795	0	1,037	130	245	13,003
Inter-American Development Bank	219,804	25,807	11,957	3,703	0	233,654
International Fund for Agriculture Development	2,192	0	555	27	5	1,642
International Bank for Reconstruction and Development	19,539	5,363	3,443	213	0	21,459
OPEC Fund for International Development	17,645	5,921	2,000	840	**0**	21,566
Central American Bank for Econonomic Integration	1,000	0	42	220	0	958
Bear Stearns and Company (Untendered portion)	5,916	0	0	0	0	5,916
Bank of New York (New Bond Issue)	1,087,613	0	0	56,493	0	1,087,613
NON-FINANCIAL PUBLIC SECTOR	**47,238**	**97**	**9,908**	**1,239**	**-30**	**37,397**
Kuwait Fund for Arab Economic Development	3,585	0	714	130	-28	2,843
Deutsche Bank Barcelona	422	0	422	12	0	0
Royal Merchant Bank and Finance Company[(1)]	559	0	559	28	0	0
The Bank of Nova Scotia[(1)]	9,571	0	3,190	103	0	6,380
European Investment Bank[(1)]	2,189	0	672	43	-1	1,516
Caribbean Development Bank[(1) (2)]	30,912	97	4,351	922	0	26,658
FINANCIAL PUBLIC SECTOR	**87,330**	**0**	**13,436**	**689**	**-4**	**73,890**
Caribbean Development Bank	10,639	0	1,329	235	0	9,310
European Economic Community	377	0	38	3	8	347
Paine Webber Real Estate Securities Inc.	400	0	200	4	0	200
Belize Mortgage Company[(3)]	6,538	0	6,538	227	0	0
International Monetary Fund[(4)]	69,377	0	5,331	219	-12	64,033
GRAND TOTAL	**2,044,155**	**71,529**	**80,090**	**78,635**	**85**	**2,035,679**

(1) Effective 21 June 2011, the nationalization of BEL caused the 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) BMC is the issuer of the DFC North American Securitization Loan through the Bank of New York.

(4) IMF SDR Allocation is included as part of financial public sector external debt obligation.

Table A.43: Central Bank Dealings in Foreign Exchange

$mn

Month	US $, Canadian $ and UK £ Purchases	Sales	Net	CARICOM Currencies Purchases	Sales	Net
January	25.10	17.70	7.40	0.00	0.90	-0.90
February	18.50	46.27	-27.77	0.01	0.06	-0.05
March	28.00	6.05	21.95	0.00	0.01	-0.01
April	18.80	16.24	2.56	0.06	0.12	-0.06
May	46.20	14.74	31.46	0.01	0.66	-0.65
June	14.90	8.88	6.02	0.03	0.09	-0.06
July	39.70	16.03	23.67	0.00	0.09	-0.09
August	29.60	11.68	17.92	0.00	0.02	-0.02
September	8.00	31.86	-23.86	0.02	0.02	0.00
October	46.00	19.08	26.92	0.00	0.16	-0.16
November	12.40	17.77	-5.37	0.00	0.29	-0.29
December	20.20	13.12	7.08	0.01	0.28	-0.27
Total	**307.40**	**219.42**	**87.98**	**0.14**	**2.70**	**-2.56**

Table A.44: External Asset Ratio

Month	Assets $mn	Liabilities $mn	External Asset Ratio Ratio (%)
January	491.4	613.19	80.14%
February	464.00	587.03	79.04%
March	485.58	596.35	81.43%
April	488.33	598.98	81.53%
May	517.88	641.30	80.75%
June	524.27	651.42	80.48%
July	547.46	666.77	82.11%
August	566.07	668.00	84.74%
September	543.16	648.65	83.74%
October	569.90	672.25	84.78%
November	570.29	686.11	83.12%
December	577.52	688.52	83.88%

Table A.45: Commercial Bank Balances with the Central Bank

$mn

Month	Average Deposit Liability	Required Cash Reserve	Actual Cash Holdings	Excess/ (Deficit)
January	2,061.3	175.2	265.7	90.5
February	2,065.3	175.6	272.8	97.2
March	2,080.3	176.8	287.7	110.9
April	2,131.3	181.1	278.1	97.0
May	2,157.6	183.3	287.2	103.8
June	2,186.8	185.9	292.6	106.7
July	2,175.5	185.0	306.1	121.1
August	2,185.6	185.8	305.4	119.7
September	2,182.2	185.5	316.5	131.0
October	2,171.7	184.6	319.0	134.3
November	2,169.0	184.3	335.1	150.8
December	2,198.8	186.9	339.5	152.6

Table A.46: Currency in Circulation

$mn

Month	Notes	Coins	Total	Commercial Bank Vault Cash	Currency With the Public
January	175.4	20.9	196.3	30.3	166.0
February	179.9	21.0	200.9	31.3	169.6
March	184.3	21.2	205.5	30.5	175.0
April	187.0	21.4	208.4	32.6	175.8
May	184.7	21.6	206.3	34.9	171.4
June	181.4	21.7	203.1	29.4	173.7
July	197.1	21.8	218.9	34.0	184.9
August	185.8	22.0	207.8	32.4	175.4
September	183.7	22.2	205.9	34.7	171.2
October	183.7	22.2	205.9	36.8	169.1
November	190.2	22.3	212.5	34.9	177.6
December	215.6	22.5	238.1	45.1	193.0

Table A.47: Inter-bank Market Activity

$mn

Month	Amount Offered	Amount Borrowed	Interest Rates
January	-	-	0.00%
February	0.0	-	0.00%
March	0.0	-	0.00%
April	0.0	-	0.00%
May	0.0	-	0.00%
June	0.0	-	0.00%
July	0.0	-	0.00%
August	0.0	-	0.00%
September	0.0	-	0.00%
October	0.0	-	0.00%
November	5.0	-	3.00%
December	5.0	-	3.00%
Total	**10.0**	**0.0**	

Table A.48: Credit to Central Government 2012

$mn

Month	Treasury Bills $mn	Treasury Notes $mn	Treasury Bonds $mn	Overdraft[1] Facility $mn	A	B
January	24.8	82.2	10.0	36.9	4.05	4.81
February	22.9	82.2	10.0	53.0	3.99	6.92
March	21.6	78.7	10.0	56.8	3.82	7.42
April	20.0	78.3	10.0	46.4	3.75	5.84
May	24.7	78.1	10.0	48.3	3.91	6.08
June	21.6	78.1	10.0	53.5	3.80	6.74
July	20.7	78.0	10.0	47.5	3.77	5.97
August	0.0	78.0	10.0	49.8	3.05	6.27
September	0.0	77.9	10.0	55.5	3.05	6.99
October	0.0	77.9	10.0	47.3	3.05	5.95
November	0.0	77.9	10.0	56.2	3.05	7.08
December	0.0	87.8	10.0	56.8	3.39	7.14

[1] Overdraft facility represents monthly average 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 percent of Government's estimated recurrent revenues of the previous fiscal year.