



CENTRAL BANK  
*of* BELIZE

# 2013

ANNUAL REPORT AND  
STATEMENT OF ACCOUNTS







CENTRAL BANK  

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*of* BELIZE

Submitted to the Minister of Finance and Economic Development  
in accordance with Section 58 of the Central Bank of Belize Act,  
Chapter 262, Revised Edition 2000.



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

For the Year Ending 31 December 2013

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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.

## Core Values

- We respect each other.
- We are accountable.
- We act with integrity.
- We are a team committed to excellence.
- We are enthusiastic about work.
- We are dependable.

## List of Acronyms and Abbreviations

### Acronyms:

ACH	Automated Clearing House	FDI	Foreign Direct Investment
ACP	African, Caribbean and Pacific Group of States	FIU	Financial Intelligence Unit
AEIR	Average Effective Interest Rates	FOB	Free on Board
AML/CFT	Anti-money laundering and combating the financing of terrorism	FY	Fiscal Year
ATS	Automated Transfer System	GDP	Gross Domestic Product
BAHA	Belize Agricultural Health Authority	GOB	Government of Belize
BAL	Belize Aquaculture Limited	GST	General Sales Tax
BGA	Banana Growers Association	HR	Human Resources
BNE	Belize Natural Energy	IBA	International Banking Act
BOP	Balance of Payments	IBC	International Business Companies
BSI	Belize Sugar Industries Limited	IBRD	International Bank for Reconstruction and Development/World Bank
BSSB	Belize Social Security Board	ICRG	International Cooperation Review Group
BTB	Belize Tourism Board	IDB	Inter-American Development Bank
BTL	Belize Telemedia Limited	IFC	International Finance Corporation
CAP	Common Agricultural Policy	IMF	International Monetary Fund
CAR	Capital Adequacy Ratio	IT	Information Technology
CARICOM	Caribbean Community	ITD	Information Technology Department
CBB	Central Bank of Belize	ITIL	Information Technology Infrastructure Library
CBT&T	Central Bank of Trinidad and Tobago	MOF	Ministry of Finance
CDB	Caribbean Development Bank	NFC	Not-from-concentrate
CFATF	Caribbean Financial Action Task Force	NPL	Non-performing Loans
CFZ	Commercial Free Zone	NPS	National Payments System
CGA	Citrus Growers Association	OFID	OPEC Fund for International Development
CIDA	Canadian International Development Agency	OPEC	Organisation of the Petroleum Exporting Countries
CIF	Cost, Insurance and Freight	PM	Project Management
CPBL	Citrus Products of Belize Limited	PMO	Project Management Office
CPI	Consumer Price Index	ROA	Return on Assets
CSD	Central Securities Depository	ROC/Taiwan	Republic of China/Taiwan
DBFIA	Domestic Banks and Financial Institutions Act, 2012	ROE	Return on Equity
DFC	Development Finance Corporation	RRD	Revenue Replacement Duty
EBS	Enterprise Business System	SDR	Special Drawing Rights
ECLAC	Economic Commission for Latin America and the Caribbean	SIB	Statistical Institute of Belize
EU	European Union	UHS	Universal Health Services
FATF	Financial Action Task Force	UK	United Kingdom
		US	United States
		VPCA	Venezuelan Petrocaribe Agreement

### Abbreviations and Conventions:

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

### Abbreviations and Conventions:

1. Since May 1976, the Belize dollar has been fixed to the US dollar at the rate of US\$1.00 = BZ\$2.00
2. The 2013 figures in this report are provisional and the figures for 2012 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 31 December 2013

### 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 Velloso - Deputy Governor, Ex officio Member

### PRINCIPAL OFFICERS

Glenford Ysaguirre - Governor  
Christine Velloso - 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  
Michelle Estell - Director, Banking & Currency

## Governance

The Board of the Central Bank of Belize comprises the Governor, Deputy Governor and the Financial Secretary as ex officio members and four other members who are appointed by the Minister of Finance, a total of seven members. There was no change in the composition of the Board during the year. The Chairman was appointed by the Minister and the Vice-Chairman was elected by the members.

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. Decisions of the Board are by majority of votes cast with the presiding Chairman having a second or casting vote in the event of a tie.

The Board met 10 times and considered 98 submissions in 2013 [34 board papers and 64 information papers]. All meetings were held at the Central Bank.

### Attendance at Board Meetings in 2013

Rt. Hon. Sir Manuel Esquivel - Chairman	10
Mr. Ralph Feinstein - Vice-Chairman	9
Mr. Alan Slusher - Member	10
Mr. Michael Singh - Member	9
Glenford Ysaguirre - Governor (ex officio)	10
Joseph Waight - Financial Secretary (ex officio)	8
Christine Velloso - Deputy Governor (ex officio)	10
Marilyn Gardiner-Usher - Deputy Governor (by invitation)	7

### 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 Bank. Further, members must meet and maintain conditions of qualification of Directors as laid out in Section 15 of the Central Bank Act and also subscribe to that set standard of conduct for directors and officers of the 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 Bank in all respects. Directors commit to:

## Governance *continued*

- Discharging their duties with care and diligence;
- Acting in good faith, and in the best interest of the Bank;
- Refraining from using their position to benefit themselves or any other person, or to cause detriment to the Central Bank or any person;
- Refraining from 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 Bank.

### **Audit Committee**

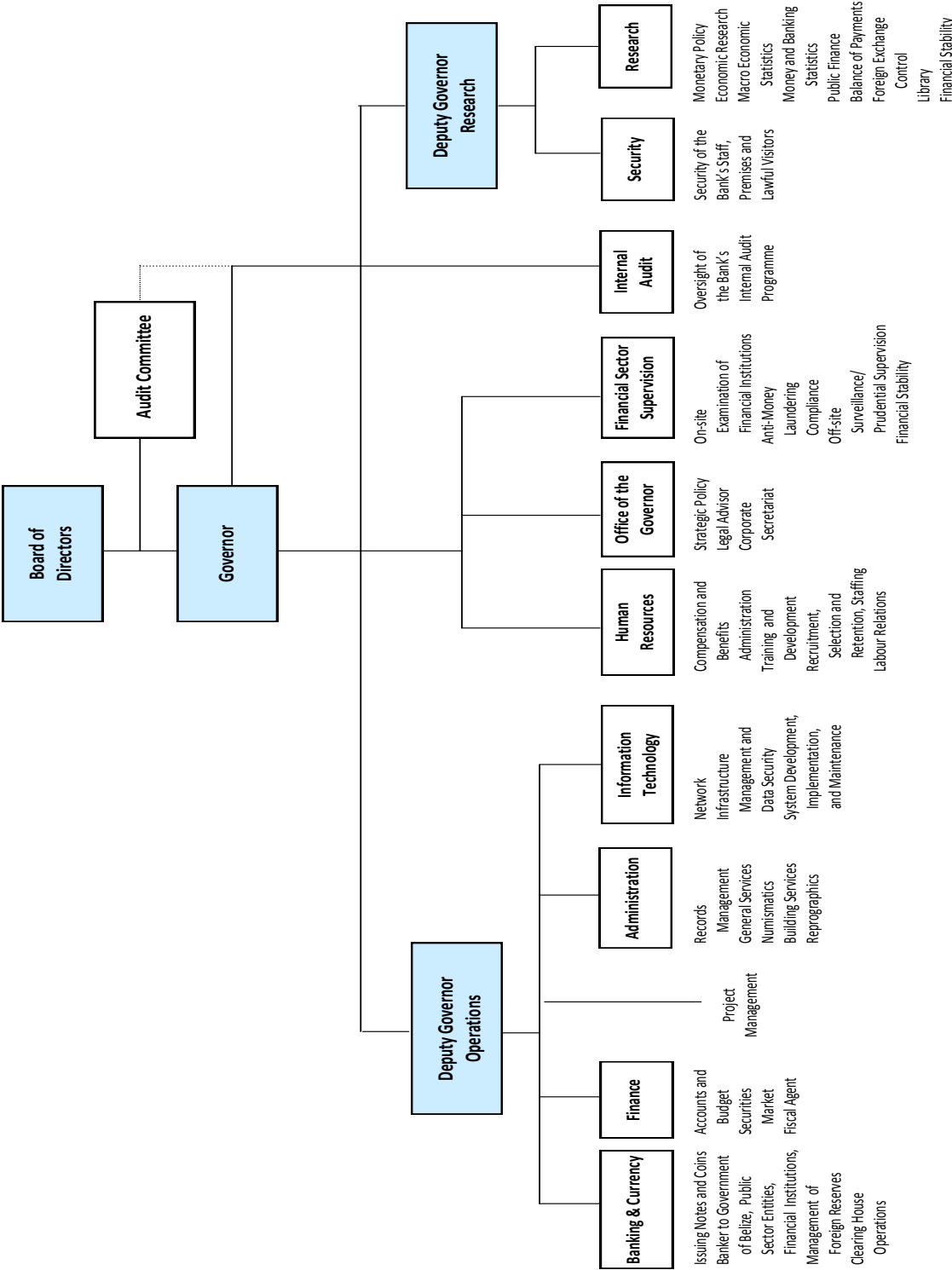
The Audit Committee comprises two non executive board members, Mr. Alan Slusher (Chairman) and Mr. Michael Singh, and Mrs. Marilyn Gardiner-Usher (Deputy Governor Operations). Mrs. Effie Ferrera (Chief Internal Auditor) is secretary to the Committee.

The purpose of the Audit Committee of the Board of Directors is to:

- Assist the Board in its efforts to exercise oversight of and to give strategic direction to the management of the Bank's operations;
- Provide assurance that risk identification and management are embedded in the culture of the Bank; and
- Ensure that there is systematic review of the risk identification and management arrangements that are established and are operating in the Bank.

During the year the Audit Committee's Charter was revised to further strengthen the Audit Committee's oversight of the Bank's governance process, thereby providing the Board with the necessary assurance that its operations are being carried out effectively. The revised Audit Committee Charter incorporates its purpose, structure, responsibilities and reporting mechanism based on the Institute of Internal Auditors' International Professional Practices Framework 2013.

# Functional Chart



## Governor's Foreword



In several respects, the year 2013 was pivotal for the Central Bank of Belize. Particularly worthy of mention was the unveiling of the Bank's first three-year strategic plan in October and the publication of its corporate strategy map. The strategic plan is buttressed by a new mission statement and an ambitious vision for the Bank to be a catalyst for national development. Demonstrating commitment to assure the effective implementation of its strategy, the Central Bank chose to adopt the Balanced Scorecard Management System and has incorporated the project management discipline in operations across the Bank. This strategy is already paying dividends with improved service delivery to our customers and stakeholders.

The transformation and modernization of Belize's financial infrastructure remain of very high priority. In this regard, the Central Bank engaged with other strategic partners including the IMF, the World Bank/IFC, CIDA and domestic commercial banks to advance the National Payments System Project and establish a National Credit Reporting System. Other major strategic initiatives included the purchase and implementation of a new Enterprise Business Solution, an integrated software suite that should optimally position the Central Bank to deliver on its strategic objectives. Work also progressed on a project to identify a suitable time series database to securely house and manage all monetary and financial statistics. Organizational capacity continued to be built through the recruitment and development of high calibre professionals who have a public service mindset, and extensive investments were made to provide specialized training in Project Management, Emotional Intelligence for Personal Leadership and Change Management to prepare staff for the delivery of our mission and realization of our vision to inculcate a culture of excellence within the Bank.

During the year, the average interest rate on new loans issued declined to single digits for the first time in the 32 year history of the Central Bank. System liquidity remained high, and there is now some evidence that pressures on the external current account may be emerging as real credit growth expands. This will warrant close monitoring in order to ensure that reserves remain at comfortable levels. Meanwhile, with some banks continuing to grapple with substantial asset write-offs in the wake of the 2008 global financial crisis, the Central Bank will be maintaining its program of enhanced monitoring in order to assure system stability.

One of the fruits of the Central Bank's monetary policy reform programme that was initiated in 2010 was the liberalization of the trade in Government Treasury bills. The reform included the establishment of a cross functional Monetary Policy Committee that has been meeting on a monthly basis to monitor financial developments. Under its watch, the steady decline in Treasury

## Governor's Foreword *continued*

bill yields has been notable, with one side effect being that the Government has been able to save approximately \$29 million in interest costs over a three-year period. The establishment of a Financial Stability Unit that produced two assessment reports and participated in a Regional Financial Stability Project sponsored by the IDB under the aegis of the Caribbean Centre for Money and Finance was another notable development in 2013.

This now brings me to the economic performance of the country. Constrained by weather related setbacks that affected agriculture and a sharp decline in oil production, the economy grew by only 0.7%, buoyed mostly by the vibrancy of tourism and construction. The robust growth in these labour intensive sub-sectors of the economy underpinned a notable improvement in the unemployment rate, and annual inflation averaged 0.5%, held in check by the fixed exchange rate anchor. The Central Bank's reserves reached a record level (\$805 million) at the close of 2013, reinforcing the strength of the Belize dollar peg to the US dollar.

The Bank's strong reserves position was one of the factors that enabled the Government to successfully restructure the 2029 super bond without having to rely on the support of the International Monetary Fund (IMF) or any other international agency. In March, the super bond was successfully exchanged for a new bond that carried a reduced coupon rate of 5.0% in the first instance (stepped-up to 6.7% after four years) and an extended maturity date of 2038. Given the high priority of this initiative and its implications for Belize's long term sustainability, the Central Bank played a vital supporting role during the debt restructuring exercise.

I take the opportunity at this time to extend my congratulations to Belize's banking fraternity for finally establishing a Bankers Association. The Central Bank pledges its full support and cooperation to its first president, Mr. Stephen Duncan of Heritage Bank of Belize Limited, and the newfound association, which we look forward to working with in areas of mutual interest and for the further development of the banking system. I conclude by expressing my deep gratitude and appreciation to the Central Bank staff who, while coping with their usual operations, have worked tirelessly to develop new skills and to implement key strategies and operational initiatives that are necessary for the transformation of the Bank, the financial system and the economy of Belize. Thank you for being a part of this challenging and productive journey.



Glenford Ysaguirre  
Governor

