CENTRAL BANK of BELIZE

2013

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

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

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

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 Vellos - 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

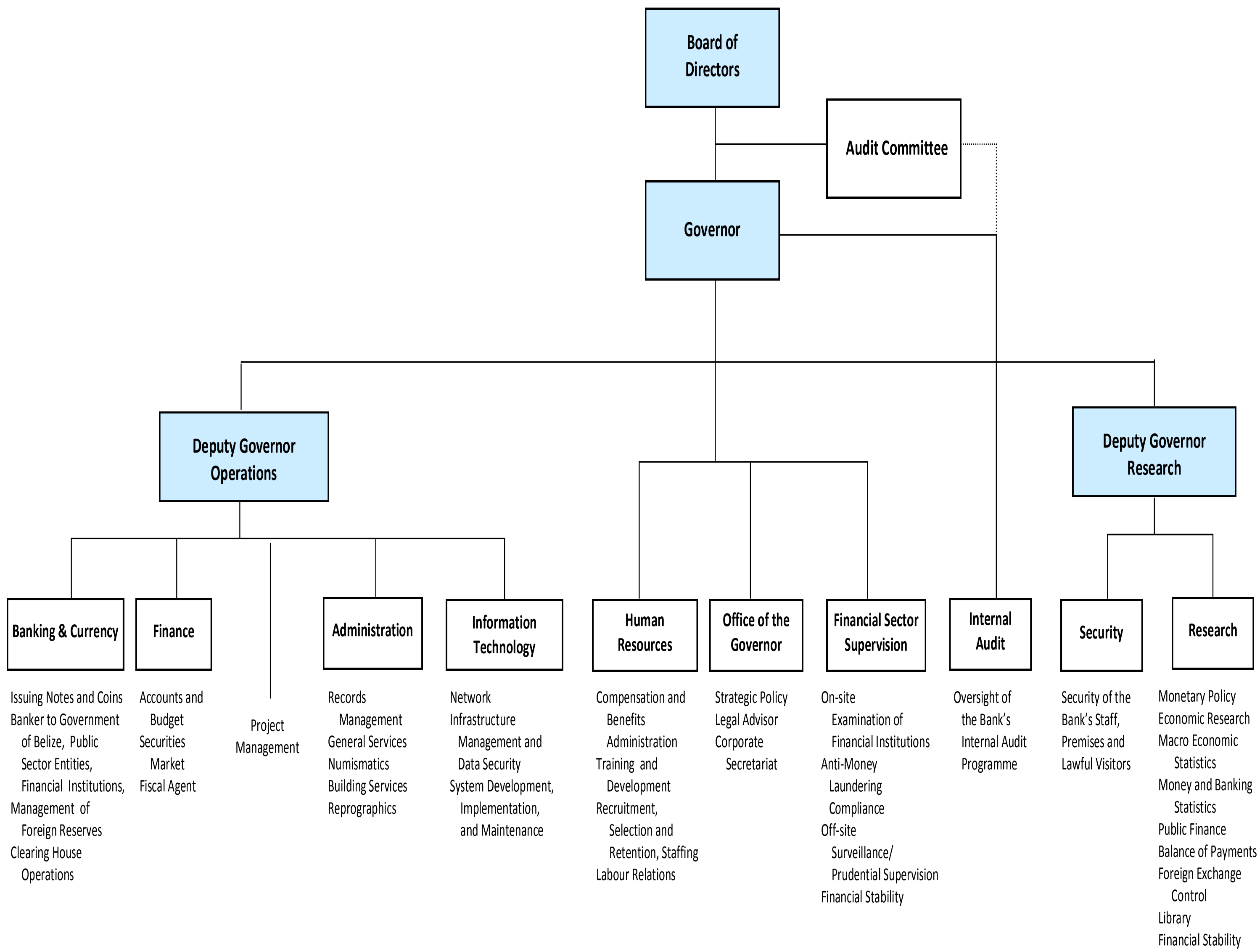
The Audit Committee comprises two non executive board members, Mr. Alan Slusher (Chairman) and Mr. Michael Singh, and Mrs. Marilyn Gardiner-Usher (Deputy Governor Operations). Mrs. Effie Ferrera (Chief Internal Auditor) is secretary to the Committee.

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

Overview

The second restructuring of Belize's external commercial debt (i.e. the super bond) was successfully concluded in 2013 even though it was essentially a solo effort by the government in the face of several obstacles, some of which were created by the previous owners of Belize Telemedia Limited (BTL) and Belize Electricity Limited (BEL), who engineered and financed an international lobbying campaign against the debt restructuring. As a result of the successful closure of the US$547.5mn debt exchange offer on 8 March, the net present value of the super bond was reduced by 43.3% and annual debt servicing (principal and interest payments) was placed on a more sustainable footing. In supporting the agenda for national development, the Central Bank participated in the debt restructuring initiative and continued to focus its efforts on prudential monitoring to reduce vulnerabilities and build financial system resiliency. The Bank's resources were also devoted to the implementation of projects to strengthen and modernize Belize's financial infrastructure.

Externally, the world economy maintained momentum, however, the Statistical Institute of Belize (SIB) issued preliminary estimates indicating that growth in the domestic economy slowed to 0.7% due to shrinking petroleum extraction and an agricultural downturn induced by adverse weather and crop disease. On the positive side, the sustained momentum of overnight visitor arrivals and rebound in the cruise ship segment boosted activity in "Wholesale and Retail Trade" and "Hotels and Restaurants". Construction was another growth area with the ramping up of public sector projects to develop municipalities and improve road infrastructure as well as various private sector projects. The fishing subsector also expanded with a strong resurgence in farmed shrimp production, and domestic output of hydroelectricity received an upward boost from heavy and prolonged rainfall during the second half of the year.

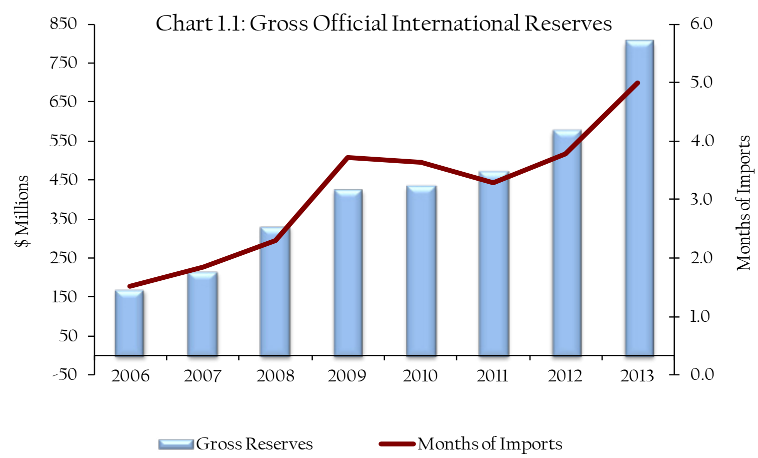
After averaging 15.3% in 2012, the unemployment rate fell to an average of 13.0% with job creation concentrated in the construction and tourism sectors. However, even as the number of job opportunities rose, the labour force participation rate dropped, signalling imbalances in expectations and the supply and demand of skilled and unskilled labour. Inflationary pressures continued to be held in check by the fixed exchange rate with the domestic price level rising by an annual average of 0.5% compared to its 1.3% increase in 2012.

Central Government's expenditure outpaced revenue, causing its overall deficit to increase marginally to 1.1% of GDP while its primary surplus shrank from 2.2% of GDP in 2012 to 0.8% of GDP. Of note, if the February interest payment on the super bond had not been capitalized, as agreed to under the terms of the debt restructuring, the overall deficit would have risen to 2.5%

Overview *continued*

of GDP. Current and capital spending rose by 1.4% and 3.9%, respectively, while revenues edged upward by 0.8% as tax revenue buoyancy compensated for a sharp contraction in grants and non-tax receipts. Notwithstanding the slight widening of its overall deficit, the Government's domestic debt declined by 1.2% as it was able to rely on the rather sizeable loan disbursements received under the Venezuelan Petrocaribe Agreement (VPCA) that also contributed significantly to the 6.7% increase in the public sector external debt to $2,162.9mn (66.9% of GDP) during the year.

On the external front, lower exports that coincided with an upsurge in imports caused the merchandise trade deficit to widen by 36.0% to $534.6mn. This wasn't fully compensated for by higher tourism receipts and the current account deficit consequently rose from 1.2% of GDP in 2012 to 4.5% of GDP in 2013. The gap was financed by surpluses on the capital and financial accounts that were also sufficient to boost the gross official reserves by $227.7mn to $805.4mn (equivalent to five months of merchandise imports). The net surplus on the capital account stood at $75.4mn due to the 10.0% principal haircut on the restructured bond and grant receipts, while net inflows on the financial account rose to $268.8mn, mostly due to loan disbursements to Central Government from Venezuela and the Republic of China/Taiwan (ROC/Taiwan).



Commercial bank loans to the private sector accelerated slightly during the year with a net increase of 2.5% notwithstanding additional loan write-offs that summed to $52.7mn as further steps were taken to repair and strengthen balance sheets. The level of non-performing loans (NPL) in the domestic banks consequently declined by 11.7% to $274.0mn. Provisions to cover loan losses were increased from 40.8% of NPL in 2012 to 46.0%, and the ratio of NPL (net of specific provisions) to total loans fell from 11.0% in 2012 to 8.8%.

In consonance with 2013's modest increase in economic activity, growth in the broad money supply decelerated to 1.4%. While the Central Bank's net foreign assets rose significantly with the

Overview *continued*

heightening of inflows to the government, the commercial banks experienced a 26.0% contraction due to the slight uptick in private sector credit and widening of the current account deficit. This led in turn to the ending of five consecutive years of expansion in excess holdings of statutory liquid assets although excess cash reserves continued to climb upward. The system remained highly liquid with holdings of cash reserves by the banks more than doubling the legal requirement and their statutory liquid assets exceeding requirements by 56.3%. Interest rates therefore maintained a downward trajectory and in December, the weighted average interest rate on new loans stood at 9.02%, which was 131 basis points lower than it was twelve months earlier. With the weighted average interest rate on new deposits falling by 55 basis points over the year, the spread accruing to the banks tightened further to 6.47%.

Looking ahead to 2014, it is expected that the global economy will continue to gradually improve and that this will support domestic economic activity through trade and investment. Growth in GDP is projected to range between 2.0% and 2.5%, underpinned by the sustained momentum of the services sector and a return to positive, albeit, modest growth in the primary sector. Construction activity is likely to maintain its current pace as the winding down of municipal projects is offset by an expansion in government's capital programme. The downside risks to this forecast include potentially adverse movements in commodity prices (food and fuel), crop exposure to weather and disease shocks and possible weakening of the economic recovery in the developed countries that are Belize's trade partners.

A moderate 1.5% increase is being projected for the Consumer Price Index (CPI) based on the anticipation of higher supplies from non-OPEC countries that will keep a lid on crude oil prices, which is one of the main drivers of inflation. Upward pressures on the local cost of basic food commodities should be moderated by the continued increase in domestic production of grains and fresh meats. The outlook is positive for other developments in the financial system. Given the high level of liquidity in the system, credit growth is expected to remain healthy with disbursements that at least match the level achieved in 2013. Further improvements in the commercial banks' balance sheets are slated to materialize as efforts continue to increase operational soundness and meet agreed timelines for loan loss provisioning that should translate to additional write-offs of between $30.0mn and $40.0mn.

In the real economy, tourism will continue to be the main driver of growth with stay-over visitors projected to grow by 5.0% due to the stronger economic performances of Belize's main source markets. The Belize Tourism Board (BTB) indicates that cruise ship disembarkations are likely to

Overview *continued*

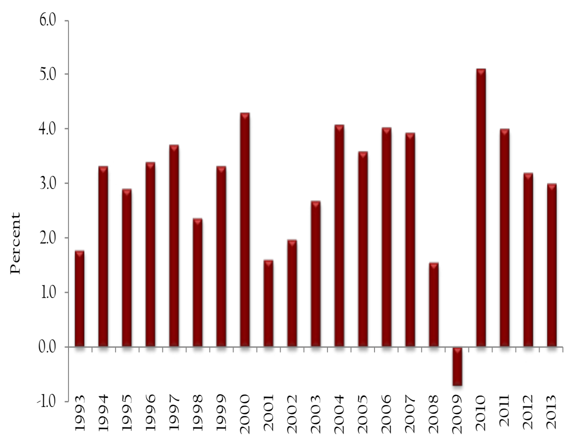
increase by approximately 3.0%. Government services are also likely to be boosted by the roll out of several large projects to improve road infrastructure and sporting facilities.

The recovery of the major agricultural crops and increased grain production should contribute to a moderate expansion in the primary sector during the year. Despite the late start to the harvest cycle, the 2013/2014 sugarcane crop looks promising, and with the 2014/2015 crop expected to start in November or December 2014, annual production seems likely to exceed that of 2013. Citrus is also expected to rebound, although the extent of this is partly contingent on the containment of citrus greening. Modest increases are also projected for shrimp and whole fish production. Meanwhile, notwithstanding stable output of domestic electricity, increases in the agro-processing of sugar and citrus juices and the continuation of construction projects, the secondary sector is forecasted to record a fifth consecutive year of contraction as the downturn in petroleum extraction continues to be a drag on activity.

Turning to the external sector, a further widening of the current account deficit on the balance of payments is expected, as increased imports, profit repatriation and a return to biannual interest payments on the restructured bond outweigh a rebound in exports and tourism receipts. Capital and financial inflows are projected to decline as a result of lower grants and a substantial reduction in loan disbursements under the VPCA. The current account deficit will consequently need to be financed by drawing down the international reserves. However, while this will lead to a dip in the import coverage ratio, the latter should nevertheless remain well above the international benchmark of three months of import coverage.

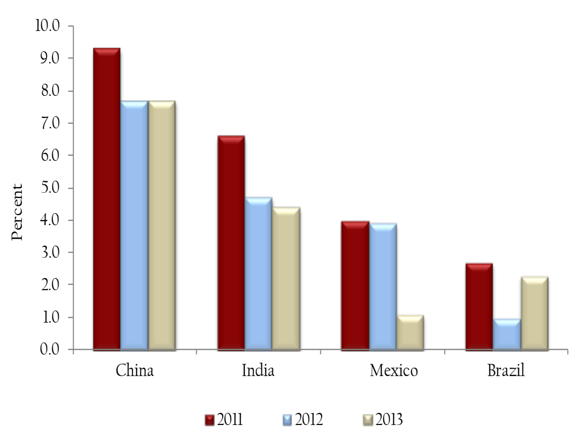
International Developments

Chart 2.1: Global Growth



Source: IMF

Chart 2.2: Selected Emerging Economies: GDP Growth Rate



Source: IMF

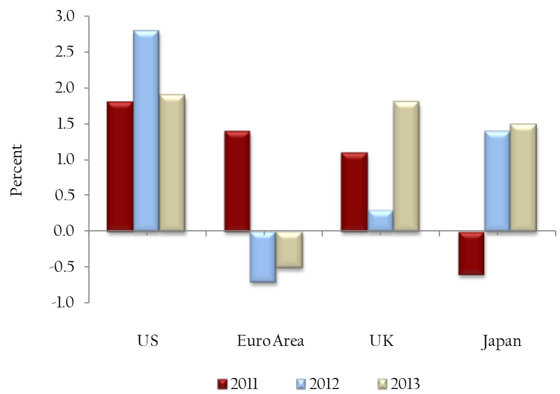
The world economy maintained momentum with a 3.0% increase that was on par with its 2012 performance. As has been the case since the start of the new millennium, the expansion was led by the emerging economies although with noticeable deceleration in the latter due to a slow down in exports, infrastructural and investment bottlenecks, softer domestic demand and the negative financial impact of the scaling down of the United States (US) Federal Reserve's asset purchase programme.

China again played a leading role with a 7.7% expansion that slightly exceeded expectations, although below the levels seen at the start of the century. In comparison with the previous year, its economic activity slackened due to sluggish global demand and rising municipal debt, while authorities continued their rebalancing efforts with a shift in emphasis toward domestic consumption and environmental protection. In the case of the other notable emerging economies such as Brazil and India, the performance was weaker with inflation surging upward and wider fiscal and trade deficits.

The advanced economies struggled to gain traction. Although activity strengthened in the second half of the year, growth in the US, which accounts for a quarter of the world's output, slowed from 2.8% to 1.9%. Its unemployment rate fell from 7.9% to 6.7%, but this was partly a reflection of a further

International Developments *continued*

Chart 2.3: Selected Advanced Economies: GDP Growth Rate



Source: IMF

decline in the labour force participation rate to 62.8%, the lowest it has been since February 1978. Neighbouring Canada grew by 2.0% but with the appreciation of its currency eroding its external competitiveness, this was driven mainly by private consumption and crude oil exports.

Turning to the east, the European Union's (EU) slow and feeble rehabilitation continued with growth contracting by 0.5%. While conditions were generally more favourable in the core countries of the Eurozone and the United Kingdom (UK), the periphery countries continued to grapple with weak domestic demand, high levels of debt and fragile banking systems. Germany's growth decelerated from 0.9% to 0.5% with strong consumer spending being partly offset by lower investment and slower growth in exports. France grew by 0.3%, however, a rebound in corporate investment and increased public spending failed to make a significant dent in record unemployment levels. While eking out a marginal increase in the last quarter to end a two-year recession, Italy nevertheless contracted by 1.9% on an annual basis. Spain, Portugal and Greece also experienced contractions of 1.2%, 1.3% and 2.7%, respectively.

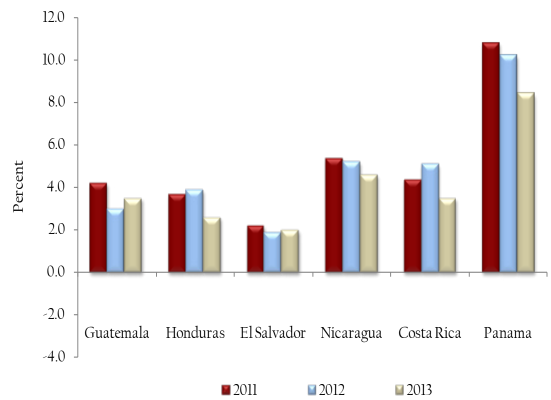
In contrast, the UK posted a 1.8% increase, its highest growth since 2007, with the impetus coming from the services sector, higher business investment and consumer spending, and an upturn in the housing market. GDP growth of 1.5% in Japan was lower than expected given its implementation of a large fiscal and monetary stimulus package. Despite the weakness of the yen, exports softened and with energy imports surging, Japan recorded its largest trade deficit since 1979.

Across the border and closer to home, growth in Mexico's GDP decelerated from 3.9% to 1.1%, reflecting weaker US demand for its exports and a drop in construction activity that was associated with a scaling down of public spending. Activity in the Central American countries also softened amid negative supply shocks and widening external imbalances.

Panama led the region with estimated growth of 8.4% that was driven by substantial investments for the expansion of the Panama

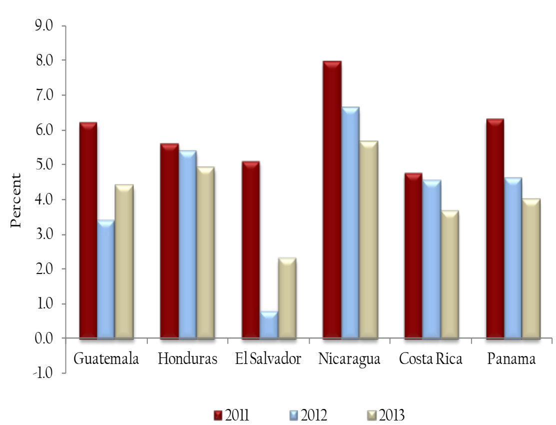
International Developments *continued*

Chart 2.4: Central American Economies: GDP Growth Rate



Sources: ECLAC and IMF

Chart 2.5: Central American Inflation



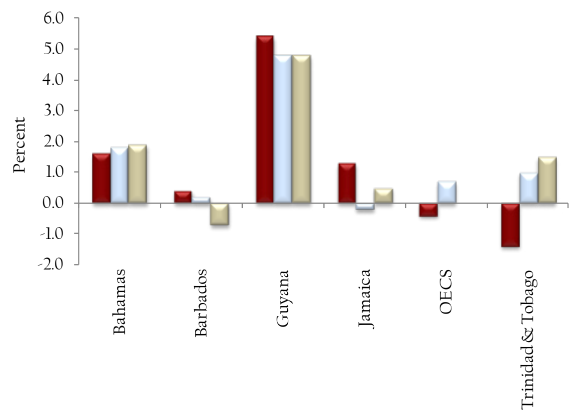
Sources: ECLAC and IMF

Canal and the city's first metro line. Except for Costa Rica, the other countries faced headwinds in the form of weaker tourist arrivals, falling remittances and weaker export demand. In addition, notable outbreaks of coffee leaf rust disease exacted a major toll on this important crop across the region. Agriculture and manufacturing industries were the hardest hit as exports slid downward, while imports vaulted upward with volume and price increases, particularly for food and energy. External current account deficits consequently widened, hovering above 5.0% of GDP in most of the countries, and holdings of international reserves were generally lower.

Among the CARICOM member states, the central issues continued to be declining competitiveness and longstanding external and fiscal vulnerabilities. The macroeconomic performance of the tourism-dependent economies of Barbados, Jamaica, Bahamas and the islands of the Eastern Caribbean Currency Union was depressed due to structural weaknesses and low visitor arrivals. The Bahamas was the only small island state to record real output growth of above 1.0%, as construction activity was boosted by major foreign-investment funded tourism projects even as private consumption fell and tourist receipts underperformed. Barbados faced significant challenges during the year with its economy estimated to have contracted by 0.7% due to shrinking foreign

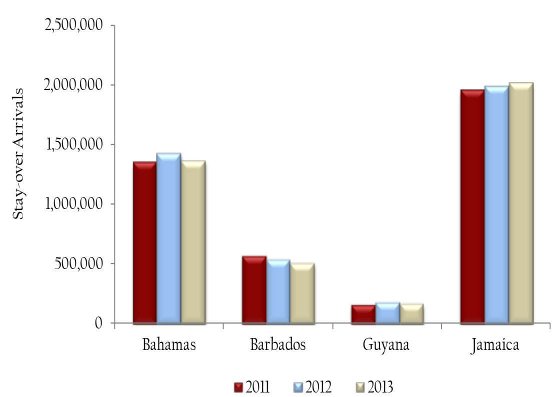
International Developments *continued*

Chart 2.6: Caribbean Economies: GDP Growth Rate



Sources: IMF and Scotiabank

Chart 2.7: Caribbean Tourism



Source: Caribbean Tourism Organization

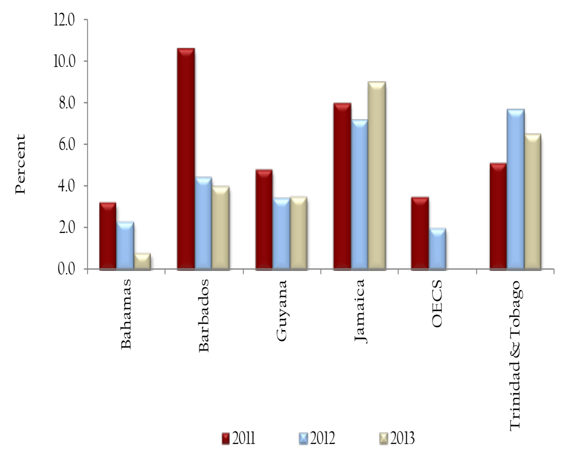
direct investment and stagnation in the tourism sector. Its fiscal and external current account deficits worsened.

In the case of Jamaica, its fragile recovery remained on track, and it is expected to eke out growth of 0.5% due in large part to an International Monetary Fund (IMF), four-year Extended Fund Facility of US$932.0mn that was approved in May 2013. The other countries that were in the forefront of regional growth were generally supported by vibrant commodity exports. The strongest growth was in Guyana, which posted a 4.8% increase that was underpinned by broad-based economic activity, strong commodity exports, debt relief and tax and investment reforms. Suriname grew at a similar pace, largely due to its mineral wealth and heavy reliance on commodity exports. GDP growth in Trinidad and Tobago was more modest at around 1.5% as the country sustained shocks stemming from maintenance-related outages in the energy sector and a cement industry dispute during the first half of the year.

In general, unemployment rates improved in commodity exporters and worsened in the others. Fiscal and external balance of payments vulnerabilities were also exacerbated in the tourism-dependent economies as tax receipts dwindled and reserves fell with the widening of external account deficits that in some cases exceeded 10.0% of GDP. While slackening demand and

International Developments *continued*

Chart 2.8: Caribbean Inflation



Sources: IMF and Scotiabank

excess capacity tended to moderate the rise in prices, the outturn for inflation was mixed for the region. The price level in the Bahamas, Barbados and Trinidad and Tobago rose by 0.8%, 4.0% and 6.5%, respectively. The largest price increases were in Jamaica where a further depreciation of the Jamaican dollar drove its inflation rate upward by 9.0%.

The Financial System

In 2013, the Central Bank continued to focus on regulatory activities aimed at strengthening the performance of banks and credit unions, macro-prudential monitoring to reduce systemic vulnerabilities and build resiliency, and on-going projects to modernize Belize's financial infrastructure.

These efforts were fruitful as the ratio of NPL (net of specific provisions) to total loans for the domestic banking system registered a further decline during the year. Initially, the Central Bank had agreed to phase-in periods spanning three and five years for specific commercial banks to fully meet the heightened requirements for loan loss provisioning instituted at the end of 2011. Those periods were slated to end in 2014 and 2016, however, due to the earlier than anticipated improvement in the banks' balance sheets, the Central Bank reduced its specific loan loss provision requirement from 70.0% to 50.0% of the outstanding loan balance for all loans and other assets classified as "loss", which are fully secured by mortgages in the beginning of April. In the case of the credit unions, the decision was made to require the standardization of procedures for loan classification and loss provisioning and the alignment of these with international best practices. In this regard, two orders were issued under Section 51(7) of the Credit Unions Act that came into effect on 28 March 2013, and guidance was also provided for the restructuring of loans.

Given the importance of safeguarding the stability of the financial system, the Central Bank instituted a framework for macro-prudential oversight that focused specifically on the interconnectedness of financial institutions, the real economy and international developments. Systemic risks were tracked and assessed through the use of financial stability indicators and stress tests. A draft memorandum was also prepared to formalise cooperation between the Bank and the Office of the Supervisor of Insurance.

Efforts to modernise the financial infrastructure proceeded as programmed with assistance being received from the Canadian International Development Agency (CIDA) and the International Financial Corporation (IFC). Notable progress was made in laying the groundwork for the establishment of a national credit bureau. A credit reporting conference was held in April to sensitise stakeholders, and credit reporting legislation and regulations were subsequently drafted. The project timeline includes legal vetting by the Solicitor General's office early in 2014 prior to the process of parliamentary enactment that would hopefully be completed by mid year. Further work would include the formation of a Data/Information Technology (IT) Working Group, the issuance of a credit bureau licence and implementation of an awareness campaign to heighten stakeholders' knowledge of credit reporting.

The Financial System *continued*

The project for modernization of the national payments system (NPS) also remained on track. The Bank held consulations with key stakeholders and, with World Bank assistance, drafted a NPS Bill, which was submitted to the Solicitor General's office for review. In addition, an updated high level request for proposal, which outlines the requirements for the NPS solution that is slated for implementation in early 2015, was developed.

On the anti-money laundering front, Belize was subjected to heightened scrutiny and criticism from the Caribbean Financial Action Task Force (CFATF) during the year. In an effort to address the deficiencies identified by the CFATF, the Government enacted thirteen legal amendments between January and October. The legislative milestones were however not achieved in consonance with the deadlines set by the task force. The CFATF Plenary in November consequently opined that the country was still not significantly compliant and issued a second public statement in 2013, calling on member countries to consider taking counter measures against Belize to protect their financial systems from possible money laundering and terrorist financing risks. Adding to the potential difficulties, the global Financial Action Task Force (FATF) International Cooperation Review Group (ICRG) unilaterally decided to evaluate Belize's AML/CFT regime at its upcoming February 2014 Plenary. Further work would therefore be required to bring the country into substantial compliance with the sixteen core and key recommendations by May 2014 and with all the remaining FATF 40 + 9 Recommendations by November 2014, the deadline for resolving the deficiencies cited in the third round of mutual evaluations.

Given the urgency of addressing the AML/CFT concerns raised by the CFATF, the Central Bank worked closely with the Financial Intelligence Unit (FIU) to ensure that the necessary amendments were made to the banking laws, and this interagency cooperation was formalised through a Memorandum of Understanding. The Bank's anti-money laundering off-site and on-site surveillance of the financial sector was strengthened with technical assistance being received from the IMF. All banks and credit unions were required to submit monthly reports on their customer base, products and services to facilitate the off-site monitoring and analysis of the financial risks specific to each institution, and several guidelines relevant to the on-site examination process were drafted to improve its effectiveness.

Supervision Issues and Licensing

The Central Bank's mission includes the assurance of a safe, sound and efficient financial system, and in this regard, the Bank conducted on-site examinations of one domestic bank, two international banks, one credit union and a financial institution during the year. Bank examiners assessed the

The Financial System *continued*

performance of these institutions in relation to solvency, liquidity, capital adequacy and risk management and also focused on statutory compliance including adherence to the AML/CFT regulations framework.

Under Section 57(2) of the Domestic Banks and Financial Institutions Act, 2012 (DBFIA), commercial banks are required to obtain the Central Bank's approval for credit facilities that exceed 25.0% of their paid-up and unimpaired capital and reserves. Of the fourteen applications that were submitted in 2013, nine were approved by the Central Bank. These facilities summed to $110.5mn as compared to the total of $150.5mn approved in the previous year. The international banks also submitted nine such applications as required under Section 21:02(2) of the International Banking Act (IBA) with the Central Bank granting approval for two applications that totalled US$35.8mn.

Domestic Commercial Banks

Chart 3.1: Asset Quality

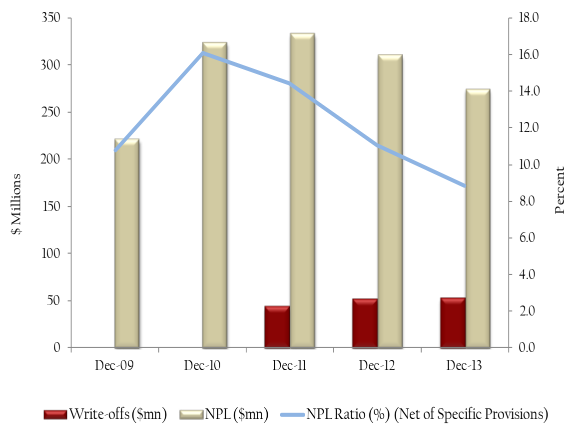
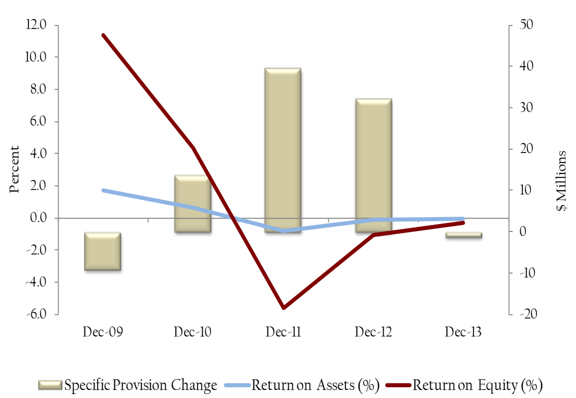


Chart 3.2: Profitability



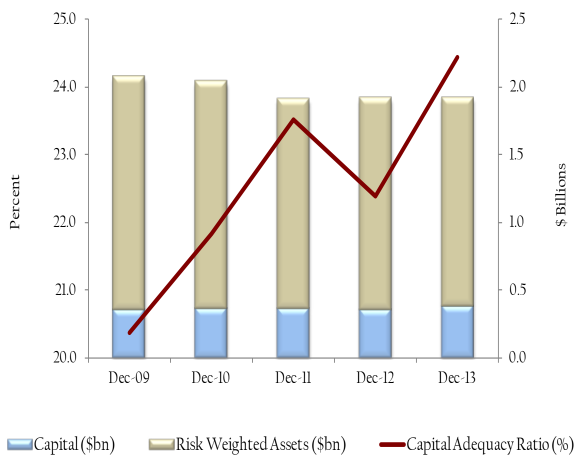
A notable development was the issuance of a domestic banking licence to the National Bank of Belize Limited, which is fully owned by the government, and which brings the number of licenced domestic commercial banks in Belize to six. The new bank subsequently opened its doors for operations on 2 September with the announced mission of serving the financial needs of low and middle income customers, including civil servants. Meanwhile, Handels Bank & Trust Company Limited, which was licenced on 25 July 2006, commenced the voluntary wind-up of its operations in February in accordance with Section 38(1) of the IBA.

Domestic Commercial Banks

Adjustments aimed at strengthening the balance sheets of the commercial banks continued with the writing off of an additional $52.7mn in NPL during the year.

The Financial System *continued*

Chart 3.3: Capital Adequacy

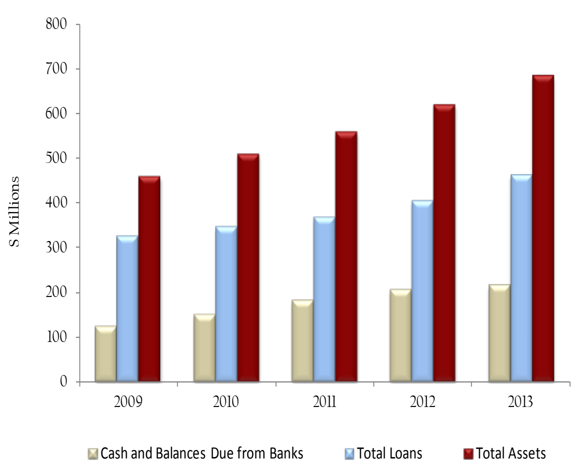


The write-offs were integral to the phasing in of upgraded standards for loan loss provisioning and resulted in an 11.7% decline in NPL to $274.0mn. Loan loss provisions rose from 40.8% to 46.0% of NPL, and the ratio of commercial banks NPL (net of specific provisions) to total loans fell from 11.0% to 8.8%.

Losses were recorded for a third consecutive year, however, the quantum has been progressively diminishing, reflected in system-wide improvements in return on assets (ROA) from -0.14% to -0.04%, and return on equity (ROE) from -1.04% to -0.31%. Aggregate bank capital rose by $26.1mn (7.8%) during the year as improvements in retained earnings by some banks more than offset losses sustained by the others. The capital adequacy ratio (CAR) consequently increased to 24.4%, the highest level in five years.

Five Largest Credit Unions

Chart 3.4: Loans, Cash and Balances Due from Banks and Assets



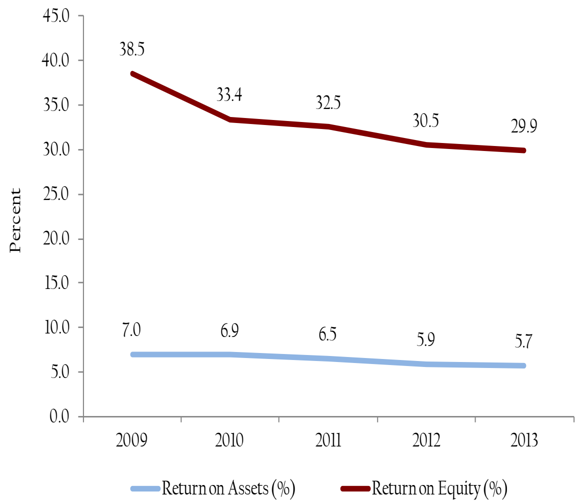
Credit Unions

Credit union activity continued to increase with membership rising by 3.6% and the assets of the five largest credit unions (the Group) climbing by 10.3%, almost on par with the previous year's growth of 10.8%.

The Group's aggregate capital continued the steady growth evident since 2009, rising by 9.7% to $127.0mn during the year. The ratio of institutional capital to total assets remained relatively stable at 11.8%,

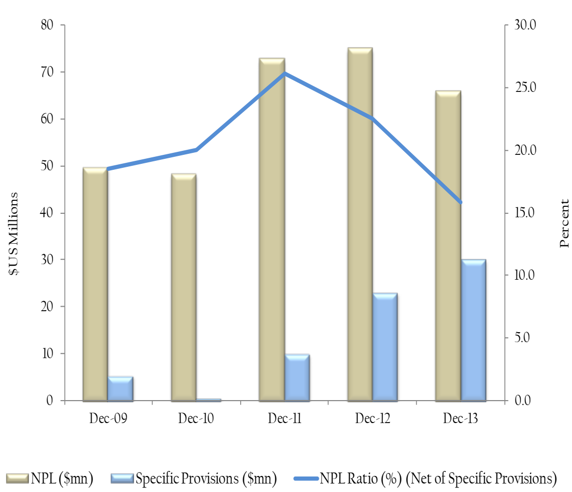
The Financial System *continued*

Chart 3.5: Profitability



International Banks

Chart 3.6: Asset Quality



comparing favourably with the international benchmark of 10.0%.

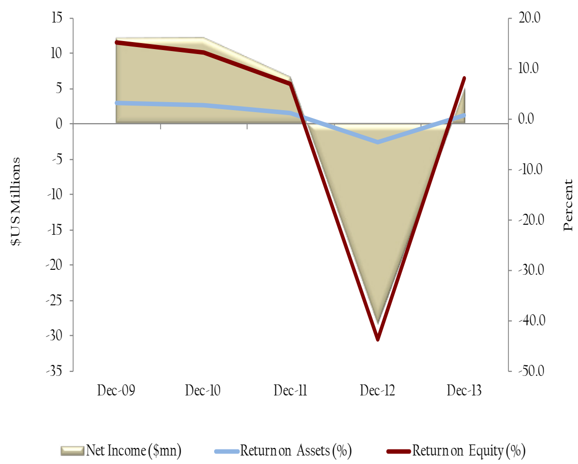
With interest income up by 6.5% and interest expenses down by 2.1%, the Group's net profits grew by 6.4% to $37.7mn, outpacing the 1.3% growth of 2012. The marginal decline in their ROE from 30.5% in 2012 to 29.9% was consequently mainly a reflection of the growth in capital. ROA also fell marginally to 5.7%, as the expansion in assets slightly outpaced the growth in net income.

International Banks

Because of the substantial amount of NPL on their books, the international banks continued to struggle during the year. These banks sustained the hardest hits as a result of the negative effect of the global financial crisis on the local real estate market, and the need for loan loss provisions mounted with the rise in NPL. Recognizing the need to ameliorate some of the adverse effects on their balance sheets, the Central Bank proposed that the necessary provisions be gradually phased in over a three year period beginning in November 2011. In consonance with this decision, loan write-offs and liquidation of collateral by two banks resulted in NPL declining by US$9.0mn in 2013. Their specific provisions were simultaneously increased by US$7.1mn and as a result, the NPL ratio (net of specific provisions) fell from 22.6% to 15.9%.

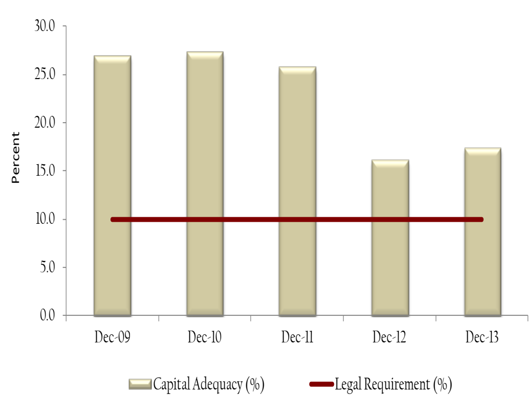
The Financial System *continued*

Chart 3.7: Profitability



The deposit liabilities of the banks rose by 9.0% during the year, however, their assets increased by only 2.4% mainly due to a reduction in lending. A profit of US$5.3mn was nevertheless recorded as the banks took steps to reduce their cost of funds by increasing the share of demand deposits relative to time and savings deposits. The consolidated ROA and ROE consequently improved from -4.6% to 0.8% and from -43.7% to 8.0%, respectively, and the return to profitability enabled capital to be augmented by 6.0% to US$55.9mn. This raised the consolidated CAR from 16.1% to 17.4%, relative to the 10.0% legal requirement.

Chart 3.8: Capital Adequacy Ratio

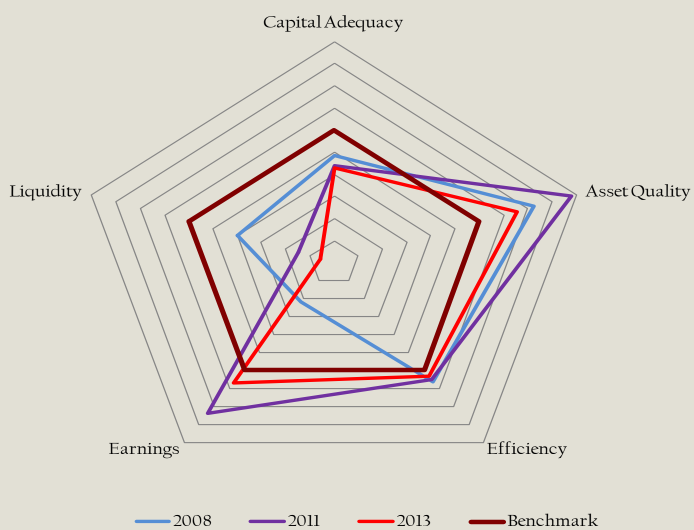


The Financial System *continued*

Box 1: Resiliency of the Domestic Banking System: A Medium Term Perspective

Despite strong growth in credit union assets, commercial banks remained dominant, accounting for 54.0% of assets and 76.8% of loans in the domestic financial system. Reflecting its relative underdevelopment and thinness, the financial system was notable for a high degree of interconnectedness as credit unions and insurance companies held a significant portion of their assets in the form of bank deposits. In most cases these balances were far in excess of their mandated liquid reserves. Other institutional investors also depended on these traditional financial products to provide a stable source of income despite the recent decline in time deposit rates. With domestic banks continuing to play a key role in the financial system, their resilience underpins financial sector stability.

Chart A: Cobweb Model for Domestic System



In Chart A, the analysis of the domestic banking system is depicted in a cobweb diagram that uses the CAMELS approach in tracking five main areas of bank performance from the onset of the financial crisis in 2008 up to the present (Capital Adequacy, Asset Quality, Management (measured by Efficiency), Earnings and Liquidity) . In the instances where the measured values move progressively outwards to the edge of the chart, this is indicative of a deterioration in performance, and conversely, the system's performance is seen to be improving when data points move inwards to the centre of the chart.

As shown in the chart, asset quality is an area of concern for the banking system. Due to poor lending practices in earlier years, the consolidated NPL ratio (net of specific provisions) of the commercial banks stood at 10.7% on the eve of the 2008 downturn (compared to the benchmark maximum of 5.0%), and loan ever-greening (i.e. lending money to facilitate interest payments) was found to be practiced at some institutions.

The Financial System *continued*

Box 1: Resiliency of the Domestic Banking System: A Medium Term Perspective *continued*

Non-performing loans spiked from $221.1mn in 2008 to $332.6mn by December 2011 and the commercial banks, which relied heavily on collateral-based lending, could not easily liquidate non-performing assets at originally appraised values during the downturn in the property market. Since the banks had not been required to set aside provisions for loans that were fully secured by marketable collateral, they continued to hold these non-performing assets on their books and avoided an immediate write-down that would have translated into a sizeable reduction in profits. This contributed to the elevation in the NPL ratio to 14.4% by December 2011.

Recognizing the need to recalibrate the incentives that had led to the over emphasis on collateral-based lending, the Central Bank mandated commercial banks to begin setting aside loan loss provisions for collateralised NPL. Set at 70.0% in December 2011, this requirement was revised downwards to 50.0% in April 2013. In the two years since its promulgation, the new practice directions resulted in a $30.8mn increase in provisioning and $90.4mn in write-offs that has brought the NPL ratio (net of specific provisions) down to 8.8%.

Commercial bank earnings have also been volatile during the period under review due to the high level of NPL, which necessitated increased provisioning expenses. Net losses were declared in 2011, yielding negative ROE of -5.58% and ROA of -0.83%. In the subsequent periods, the banks have boosted their operating income by increasing fees and simultaneously lowering their cost of funds. Although an improvement, 2013's consolidated ROA and ROE of -0.04% and -0.31%, respectively, continue to be below the minimum 1.0% benchmark for earnings.

Since 2008, the sector's efficiency levels have been gradually improving. Despite the persistently high level of NPL, the system as a whole was able to remain liquid and adequately capitalised. Beyond meeting the 9.0% legal requirement, CAR improved from 19.3% in 2008 to 24.4% in 2013 partially due to the sizeable NPL write-offs. High levels of liquidity continue to be prevalent with the excess holdings of the banks rising from 20.6% in 2008 to 56.3% partly due to a slowdown in lending in recent years. However, once the process of balance sheet strengthening is completed and this is reflected in loan repricing, it would be expected that liquidity levels will commence a gradual downward slide that will reduce the sizeable overhang that now exists.

Money and Credit

Chart 4.1: Net Domestic Credit and Net Foreign Assets of the Banking System

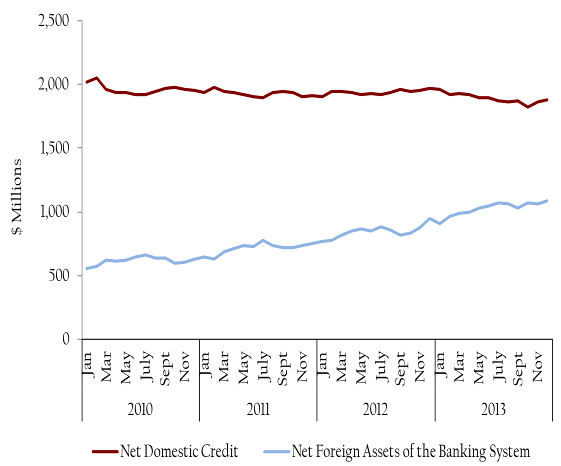
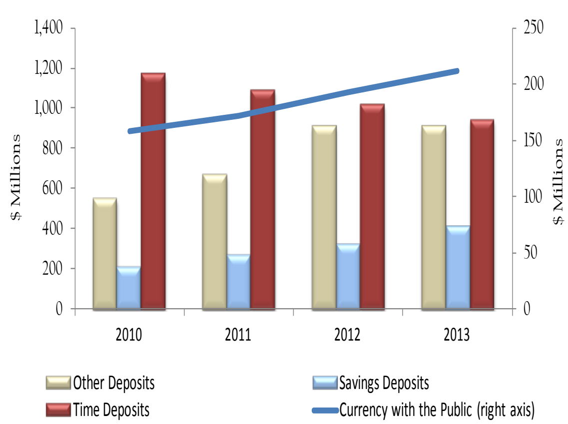


Chart 4.2: Annual Growth in Bank Deposits



The broad money supply (M2) expanded by a rather tepid 1.4% in 2013 reflecting downturns in Belize's principal commodity exports and consequent deceleration in GDP. Whereas the Central Bank's official reserves received a significant upward boost from foreign loan inflows to Central Government that also resulted in a sharp contraction in net domestic credit, the net foreign assets of the commercial banks declined partly due to an uptick in gross lending to the private sector and a larger external current account deficit.

The continuing efforts of the commercial banks to buttress balance sheets that had been weakened by NPL included reductions in interest rates offered on deposits and the share of time deposits held in their portfolio of liabilities. Consequently, in the three years since 2010, the share of time deposits in M2 declined from 56.2% to 38.1%, while those of savings and other deposits increased from 8.7% to 16.6% and from 26.3% to 36.8%, respectively. Adjustments by the banks included the writing off of some $52.7mn in NPL to the tourism, manufacturing and distribution subsectors. At year-end, just over half of the NPL were in the tertiary sector with the portion potentially linked to real estate speculation accounting for 19.2% of the total non-performing basket.

Loans to the private sector rose by $45.1mn, compared to $38.8mn in 2012, with most

Money and Credit *continued*

Chart 4.3: Credit Unions' Loans and Advances

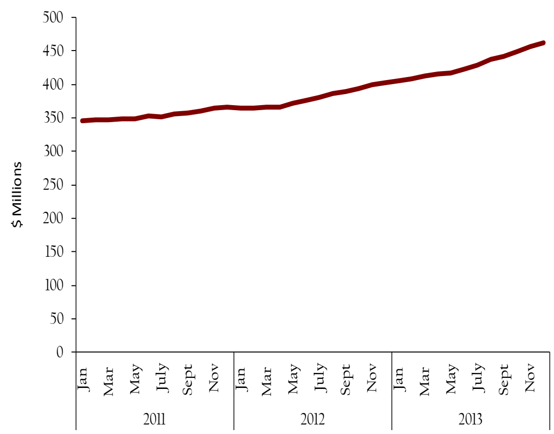
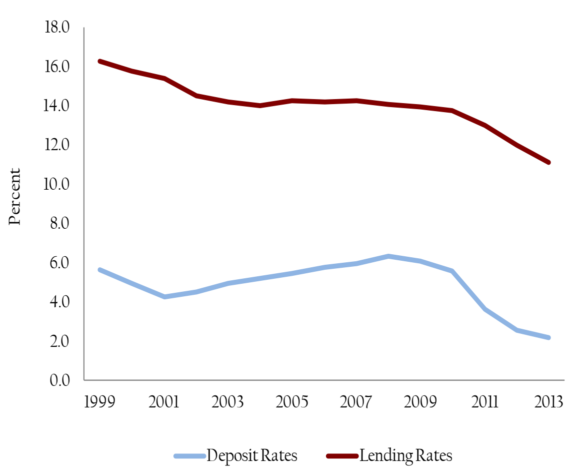


Chart 4.4: Weighted Average Deposit and Lending Rates

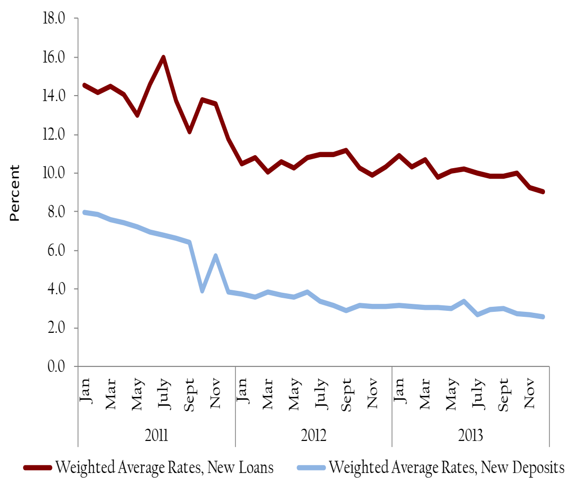


of the expansion taking place in the fourth quarter. Since most of the bank write-offs were undertaken between January and September, credit to the private sector grew by only $8.7mn during that period. On an annual basis, new funds were channelled mainly into real estate acquisition, grain production, personal loans, residential mortgages and commercial developments. Meanwhile, entities engaged in distributive trade, marine production, transport and manufacturing made repayments resulting in reduced credit balances, and loans to public sector enterprises increased by $8.1mn with most of this being allocated to the BTB. Lending by the five largest credit unions accelerated during the year, increasing by $58.9mn (14.6%) with disbursements going mainly to agricultural production and agro-processing, personal loans, residential mortgages, home improvement and commercial real estate.

The composition of commercial banks' lending remained broadly unchanged with the portfolio heavily tilted toward sectors that do not earn foreign exchange. The more notable of these (construction, real estate, distribution and personal loans) jointly accounted for approximately 75.0% of total bank loans. Loans for productive and foreign exchange earning activities, such as agriculture, agro-manufacturing, marine products and tourism, represented only 15.8% of commercial banks' loan portfolio at the end of 2013.

Money and Credit *continued*

Chart 4.5: New Interest Rates



Continuing the trend of recent years, the statutory liquid assets of the banks, comprised mainly of short-term securities and foreign holdings, subsisted at high levels during the year with a slight dip occurring in the last quarter that was in tandem with the credit upturn. Excess cash reserves continued its uninterrupted upward climb with a $45.7mn expansion that matched the average growth of the previous two years. At the end of the year, holdings of statutory liquid assets were 56.3% higher than requirements and holdings of cash reserves were double the regulatory requirement.

Downward pressure on interest rates was therefore a continuing feature of the system. During the year, promotional rates on mortgages fell below 7.0% in some instances, and the state-owned bank began operations in September with mortgage rates starting at 5.5%. In December, the weighted average lending rate that the banks applied to new loans was 131 basis points lower than the rate twelve months earlier. Leading the decline was a 273 basis point plunge in rates on new commercial loans, while rates on residential construction loans plummeted by 251 basis points to 8.17%. Interest rate declines were also a factor on the liabilities side with rates applied on new deposit accounts falling by 55 basis points, pulled downward by a 76 basis points decrease on new time deposits that offset increases for savings and savings/chequing deposits of 100 and 5 basis points, respectively. The weighted average interest rate spread on new loans and deposits therefore fell to 6.47%, versus 7.23% in December 2012, and there was also a narrowing of the spread on banks' entire portfolio of loans and deposits from 9.31% to 8.95% during the same period.

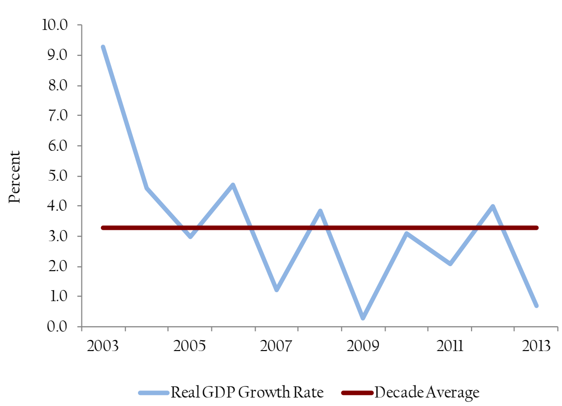
The Real Economy

Preliminary estimates by the SIB are that GDP growth decelerated to 0.7% as strong activity in tourism, government services, construction, fishing and utilities were offset by downturns in the major export crops and agro-manufacturing, as well as the continued decline in petroleum extraction.

Primary sector activities contracted by 1.5% with a substantial increase in shrimp output being outweighed by reductions in banana, sugarcane and citrus, which were adversely affected by weather and crop diseases. Activity in the secondary sector also contracted by 5.2% during the year partly due to a 15.3% decline in "Manufacturing" that reflected reductions in the agro-processing of sugar and citrus juices coupled with the continued plunge in petroleum extraction. On the up side, increased output of hydroelectricity in the second half of the year and heightened activity in public sector infrastructural works and other private projects led to expansions of 8.1% in "Electricity and Water" and 16.3% in "Construction".

The tertiary sector grew by 2.0% as the economic recovery in Belize's main source markets and aggressive tourism marketing helped to boost stay-over visitor arrivals and cruise ship disembarkations. The heightening of tourism activities underpinned expansions in "Hotels and Restaurants" and "Wholesale and Retail Trade" of 9.7% and 4.2%, respectively. Growth was further bolstered by the roll-out of government's capital projects that resulted in a 5.7% increase in "Government Services". These increases were slightly offset by declines in "Other Private Services" and also in "Transport and Communications" which faced reduced demand for transportation services by producers of oil and agricultural exports.

Chart 5.1: Annual Growth Rate of Real GDP



Source: SIB

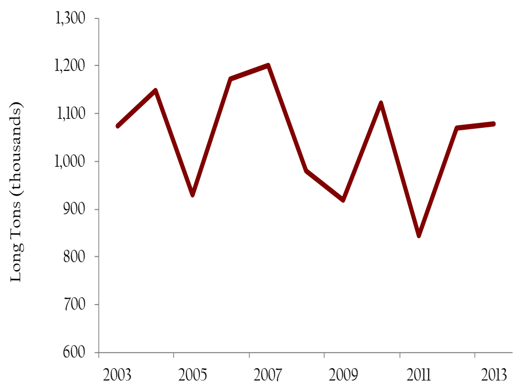
Agriculture

Sugarcane

On a calendar year basis, sugarcane deliveries were down by 21.9% in 2013 as losses from pest infestation, particularly the froghopper, whittled down the yield gains from replanted fields. However, in crop year terms, which typically includes the last two months of the previous year and ends in May or June, a 0.7% increase was recorded, bringing the total to 1,078,019 long tons. Close coordination of deliveries and factory improvements

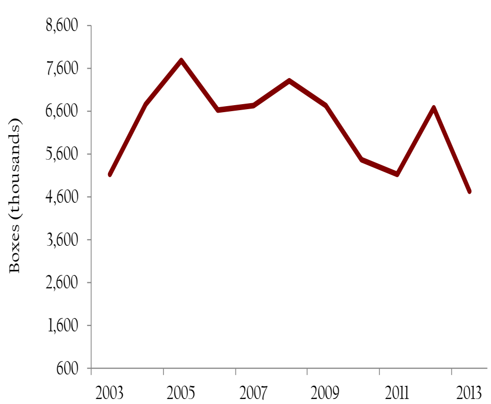
The Real Economy *continued*

Chart 5.2: Sugarcane Deliveries



Source: BSI

Chart 5.3: Citrus Fruit Deliveries



Source: CPBL

shortened the crop's delivery timeframe by two weeks and kept the harvesting within the period of favourable weather, developments that helped to mitigate the effects of the froghopper infestation. Despite a less favourable exchange rate obtained on the futures market for the Euro and higher international freight charges, the average price paid to farmers rose by 3.2% to $74.45 per long ton of sugarcane. This was due to a 38.6% increase in the premium paid by EU importers on the base reference price (€335.2 per metric ton) to attract and retain suppliers.

Citrus

Following a rebound from storm damages in the previous crop year, citrus deliveries fell by 29.9% to 4.7mn boxes due to diseases and adverse weather that accentuated the cyclical downturn in crop production. Orange and grapefruit deliveries declined by 30.2% to 4.1mn boxes and by 23.0% to 0.7mn boxes, respectively, as citrus greening and excessive rains contributed to premature fruit drop. In line with the changes in international prices, the average prices paid to farmers for orange was $1.75 per pound solid (ps), down from the $2.31 received for the 2011/2012 crop, and $2.30 per ps of grapefruit in 2012/2013, compared to the $2.10 of the previous crop year. Current reports from the industry indicate that future production may be constrained because a shortage of germ-free certified seedlings has led to a backlog in the replanting of groves.

The Real Economy *continued*

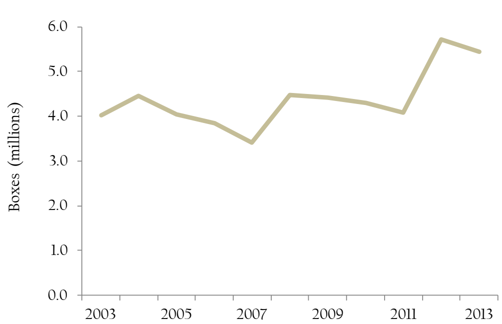
Banana

The new five-year exclusive marketing contract between the Banana Growers' Association (BGA) and Fyffes commenced on 1 January 2013, and this facilitated the farmers' field investment planning. Even with expanded acreage, however, annual banana production declined by 4.7% to 5.4mn boxes, as the average yield per acre fell from 816 boxes to 736 boxes due to heavy rains that hampered bunch development throughout the year. At the end of 2013, the acreage under cultivation stood at 7,154, a 2.6% increase, while the area under plantilla (young trees not as yet yielding fruits) rose by 190 acres to 340 acres.

Other Agricultural Production

In a move to combat losses from viral infections that plagued production, the largest papaya producer shifted cultivation to new fields. Consequently, even with a reduction from 750 acres to 613 acres, papaya output escalated by 32.1% to 48.0mn pounds during the year.

Chart 5.4: Banana Production



Source: BGA

Heavy rains impacted production across the nation, increasing the average yields of some crops while reducing the output of others. The output of bean (which is highly susceptible to water-logging and fungal diseases) shrank by 31.5% due to a 24.4% fall in the average yield and a 5.7% cut in productive acreage. On the upside, expansions in acreage and yields led to marked increases in soybean and rice production of 266.6% to 8.5mn pounds and 66.5% to 45.2mn pounds, respectively. The growth in the latter was mostly due to a 73.4% expansion in acreage under mechanized production in western Belize, while acreage under soybean more than tripled to meet the demand for animal feed. Sorghum also grew by 23.1% to 43.0mn pounds with improvement in the average yield, while new entrants into corn production and a nascent export market in CARICOM contributed to an 11.2% increase in acreage and an 8.2% expansion in output to 151.3mn pounds.

In the case of vegetable and root crops, higher output of carrots, cauliflower, squash, broccoli and pumpkin reflected increased acreages and average yields, while the upturn in hot pepper production was attributable to a 35.1% growth in the average yield. In contrast, production of Irish potato, tomato, onion and cabbage fell, with the

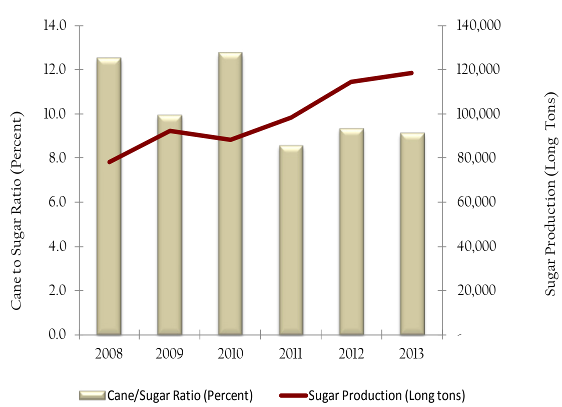
The Real Economy *continued*

latter two crops adversely impacted by both lower acreage and average yields. Plantain cultivation was down by 14.2% due to a 12.5% decline in acreage with the average yield also falling by 1.9%. The outturn for livestock was also mixed. While poultry and cattle dressed weight rose by 11.9% to 35.3mn pounds and by 11.0% to 4.0mn pounds, respectively, there were declines of 7.1% in output of milk and 4.7% in pig dressed weight.

Marine Products

Output of marine commodities rose by 17.5% to 17.4mn pounds with strong growth in whole fish and a second consecutive year of improved performance by the shrimp industry. The latter was underpinned by a full year of production by Belize Aquaculture and the opening of two additional shrimp farms during the fourth quarter, which contributed to a 21.9% increase in farmed shrimp to 15.6mn pounds during the year.

Chart 5.5: Sugar Production and Cane to Sugar Ratio



Source: BSI

Production of whole fish, particularly by the southern cooperatives, also surged upward by 33.6% to meet strong international demand. Following growth spurts in 2012, the wild capture of lobster and conch fell by 26.6% to 0.5mn pounds and by 11.1% to 1.0mn pounds, respectively, due to cyclical downturns in their reproductive cycles.

Manufacturing

Sugar and Molasses

In line with deliveries, production of sugar declined by 17.3% in 2013 while recording an overall increase of 3.3% for the 2012/2013 crop year to 118,339 long tons. The cane to sugar ratio improved by 2.5%, reflecting gains along the field-to-factory value chain. The dry weather during the harvest period caused the crop's sucrose content to improve from 12.3% to 12.8%. Concurrently, shorter delivery timeframes and the factory's higher grinding rates and processing capacity reduced losses from sucrose degradation in the cut sugarcane. Production of molasses also increased by 11.5% to 34,508 long tons.

Citrus Juices, Citrus Oil and Pulp

Marginal increases in the average juice outturn per box did not compensate for the sharp decline in deliveries. Consequently, output of citrus juices decreased by 29.0% to 28.3mn ps. While the average juice outturn per box of orange remained stable at 6.31 ps, that of grapefruit increased by 2.7% to 4.14 ps per box of fruit. The bulk

The Real Economy *continued*

of deliveries went into the manufacture of orange and grapefruit concentrates, which registered declines of 30.3% to 25.3mn ps and 15.8% to 2.8mn ps, respectively. Not-from-concentrate production accounted for only 1.0% of juice output and fell for a third consecutive year, as the processor remained focused on concentrate juices that had more attractive profit margins. As a result of the fall in processing throughput, output of pulp and citrus oils fell by 22.8% to 2.2mn pounds and by 26.8%, to 1.6mn pounds, respectively.

Other Manufacturing Production

Reversing two years of decline, production of fertilizer rose by 13.2% due to higher demand from sugarcane farmers who were participants in the Fair Trade programme and an expansion in grain acreage. Soft drink processing rose by a more subdued 2.6%, while beer production edged down by 1.1% as regional imports cut into the market share of the local company. A 4.8% decline was also recorded in flour production, the first in five years, with this being linked to increased importation and competition from Mexico.

Crude oil extraction continued to plunge in 2013, registering a 23.1% decline to 792,339 barrels. The Never Delay field yielded only 5,533 barrels, an 86.7% decline, while output at Spanish Lookout was 20.4% lower due to a drop in the daily extraction rate from an average of 2,708 barrels in 2012 to 2,156 barrels in 2013. It is estimated that approximately 9.4mn or 53.9% of the 17.4mn barrels of extractable reserves at this field have been recovered after eight years of commercial production. Plans to drill horizontal wells during the year to improve the extraction rate were shelved, and attention focused instead on pumping water back into the oil reservoir to maintain well pressure. Given the performance to date, it is expected that the more readily extractable reserves of the Spanish Lookout field may be depleted in approximately 5 years, after which, costs may become too prohibitive.

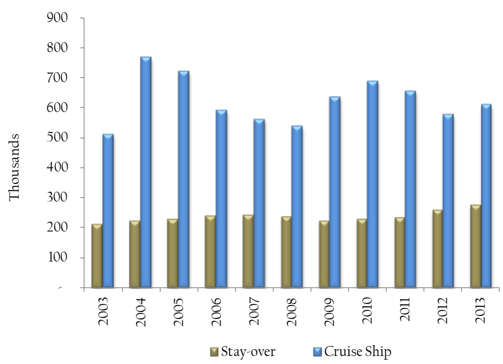
Tourism

World Tourism Organization statistics indicate that 2013 was a record year in international tourism with visitor arrivals up by 5.0% to 1.1 bn. While the most notable expansion was in South-East Asia, which recorded a 10.0% increase, the 5.2% growth in visitors to the advanced economies slightly outpaced the 4.8% increase recorded for the emerging nations as a group. Central America and the Caribbean saw increases of 4.2% and 2.8%, respectively, with further growth being expected in 2014, as the global economic recovery strenghtens.

On the domestic front, overnight tourism maintained its upward trajectory as visitors rose by 5.8% to 272,255 , marking the fourth consecutive year of growth. Aggressive marketing, heightened publicity and improvements in the economies of Belize's

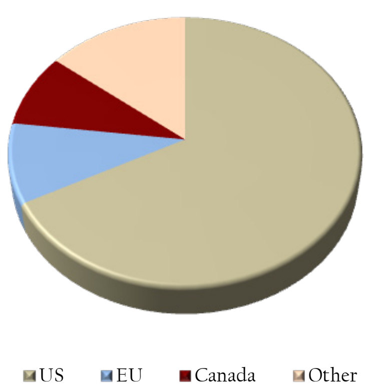
The Real Economy *continued*

Chart 5.6: Tourist Visitors



Sources: BTB and CBB

Chart 5.7: Composition of Stay-Over Tourist Arrivals



Sources: BTB and CBB

main source markets combined to boost arrivals at all entry points. Arrivals from the EU, the country's second largest source market, grew by 8.6%, a reversal of the 8.4% downturn recorded in 2012. The largest increase was recorded from the Canadian market (10.9%), the main target of the increased marketing efforts of the BTB, while visitors from the US that account for 67.4% of stay-over tourists also grew by 4.1%.

Following its 11.9% contraction in 2012, cruise ship disembarkations rose by 5.7% to 609,612 as North American cruise lines reduced cruises to Europe and other alternative long-haul, non-traditional destinations, and deployed more ships to meet the demand for regional cruises. Even with cancellations due to adverse weather, port calls to the country increased by seven with larger ships being used.

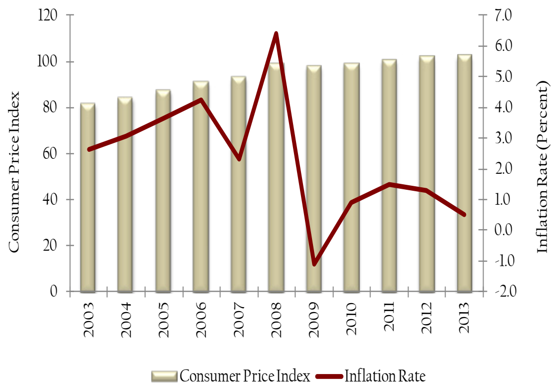
Prices

The SIB estimated that average inflation fell from 1.3% in 2012 to 0.5% in 2013 with price declines of 3.2% for "Miscellaneous Goods and Services" and 2.2% for "Clothing and Footwear" that mainly reflected lower import prices as measured by a 1.0% fall in the US export price index. With international fuel prices rising at a lower rate, the rate of increase in average prices for the fuel dependent categories of the CPI softened.

Price increases for "Housing, Water,

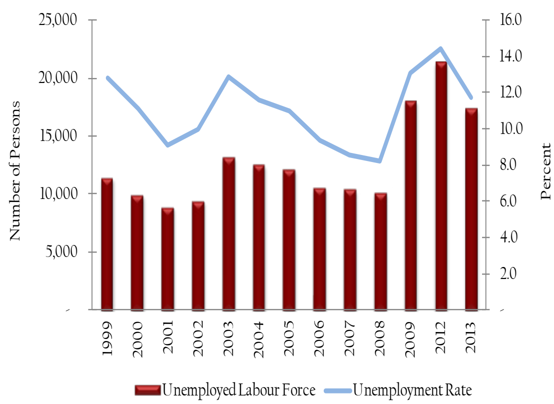
The Real Economy *continued*

Chart 5.8: Consumer Price Index



Source: SIB

Chart 5.9: Unemployment



Source: SIB

Electricity, Gas and Other Fuels" consequently stabilised at 0.4%, while that for "Transportation" fell from 2.3% to 1.7%. The largest increase was for "Health" services, which was up by 3.0% in 2013 mainly because of higher hospital accommodation fees. Higher prices for beef, poultry and rice were significant in the estimated 1.5% increase in average prices for "Food and Non-Alcoholic Beverages".

Employment

Surveys conducted by the SIB in April 2012 and April 2013 revealed a decrease in the unemployment rate from 14.4% to 11.7%, as upturns in construction, tourism and other services underpinned a 3.5% expansion in jobs. While the population increased by 2.6%, the size of the labour force grew by only 0.2% to 148,755 because of a reduction in the participation rate (the share of the working age population that is willing to work) from 65.4% in 2012 to 64.2%.

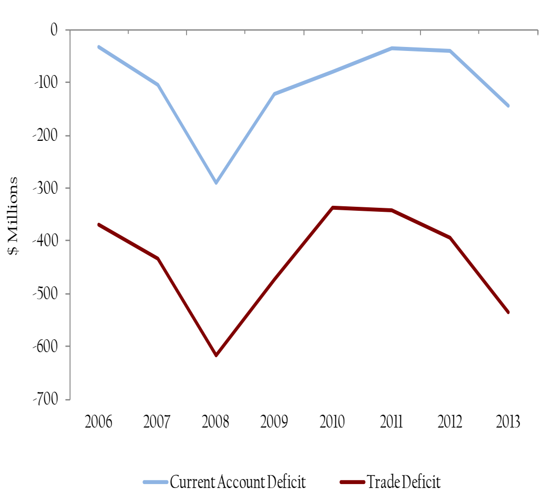
Between April and September, the labour force expanded by 0.4% to 149,355 persons with school leavers swelling the ranks. Due to the third-quarter seasonal downturn in economic activity, the unemployment rate rose to 14.2%, which was nonetheless an improvement in comparison to the 16.1% unemployment rate recorded in September 2012. The SIB reported that the number of jobs in September was 1.2% higher than it was one year earlier and that the labour force was 1.1% lower, with the labour force participation rate falling from 66.1% in September 2012 to 63.8% in September 2013.

Balance of Payments

Table 6.1: Balance of Payments

		$mn
	2012 Net	2013 Net
CURRENT ACCOUNT	-39.3	-144.1
Merchandise Trade	-393.1	-534.6
Services	442.5	480.5
Primary Income	-240.3	-236.0
Secondary Income	151.6	145.9
CAPITAL ACCOUNT	45.0	75.4
FINANCIAL ACCOUNT	-135.2	-268.8
NET ERRORS AND OMMISSIONS	-35.4	27.6
FINANCING	105.6	227.7
Memo Items:		
Monthly Import Coverage	3.8	5.0
Current Account/GDP Ratio (%)	-1.2	-4.5

Chart 6.1: Current Account and Trade Deficit



After hovering just above 1.0% of GDP in 2011 and 2012, the external current account deficit rose to 4.5% of GDP, as an expansion in the merchandise trade deficit outweighed a more modest increase in net earnings from services. The gross international reserves nevertheless rose by 39.6% to $805.4mn (equivalent to five months of merchandise imports) as the 10.0% haircut on the restructured bond, grants and loan disbursements to the government contributed to substantially larger net inflows on the capital and financial accounts.

Merchandise Trade

In 2013, the merchandise trade deficit expanded by 36.0% to $534.6mn (16.5% of GDP) reflecting a combination of heightened imports for export processing zones and domestic consumption, and reduced exports. Revenues from the latter were down by 3.9% due to a drop in earnings from petroleum, citrus juices and commercial free zone (CFZ) sales that eclipsed a modest uptick in other re-exports.

Domestic Exports

Sugar and Molasses

Under pressure from the global surpluses of recent years, benchmark world sugar prices sank for a third successive year, dragging down prices in the US market relative to the EU. Motivated further by the Fair Trade premium of US$60 per metric ton and an additional incentive payment offered by

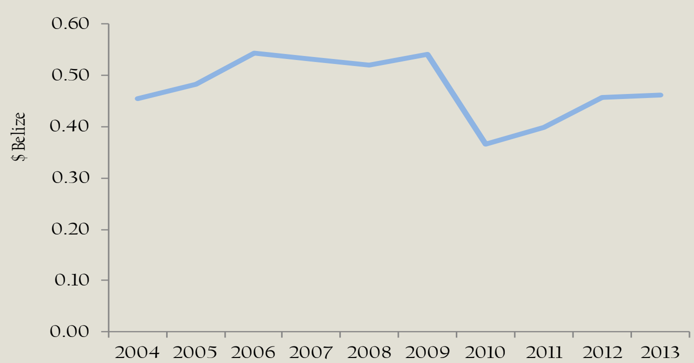
Balance of Payments *continued*

Box 2: Future Prospects of the EU Sugar Market

As a member of the African, Caribbean and Pacific countries, Belize has traditionally benefitted from preferential access to the EU market. These benefits were however eroded with the ending of the ACP EU Sugar Protocol and a 36.0% price cut that was back loaded over a four year period starting July 2006 and ending in October 2009. Since then, Caribbean and EU trade dynamics have been governed by the Economic Partnership Agreement that granted duty free, quota free access to Belize's sugar at the prevailing minimum price for sugar in the EU market. In June 2013, the European Council of Ministers, the European Parliament and the European Commission reviewed the current state of the EU Common Agricultural Policy (CAP) and made plans for the way forward. As a result of those discussions, the EU CAP was amended with the new sugar regime to take effect in 2017, and not in 2015 as was previously agreed upon, due to successful lobbying by key ACP stakeholders.

As of 30 September 2017, the EU's sugar quota system will end, thenceforth eliminating the distinction between quota sugar and surplus/excess sugar. Each EU country or sugar company will be able to produce as much sugar as its maximum factory capacity allows. This decision will change the nature of the European market, as the combination of unlimited sugar production and more import options is expected to put downward pressure on the price of sugar. The volume of sugar imports from non-EU countries is likely to decline as the new regime allows sugar to be purchased from EU suppliers on a first come, first serve basis before moving onto suppliers from other regions. Belize and other sugar producers in the Caribbean will be increasingly challenged to compete with low cost EU producers and in the absence of a guaranteed remunerative price, the profitability of the local sugar industry could be eroded. The industry's future viability largely depends on whether the cost of local sugar production remains below the market price it receives.

Chart B: Average Sugar Price Per Pound

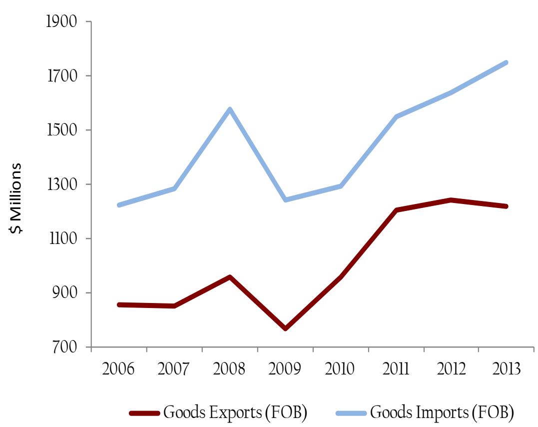


Balance of Payments *continued*

Box 2: Future Prospects of the EU Sugar Market *continued*

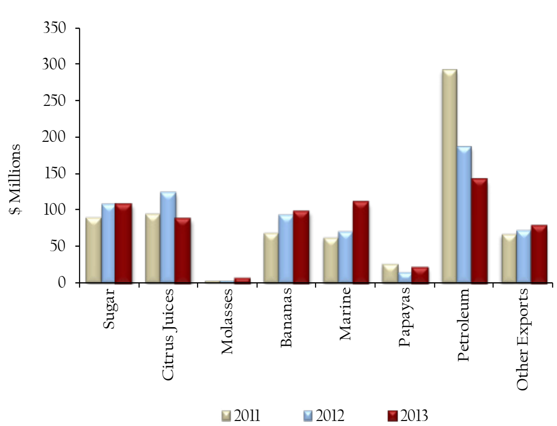
Belize's relationship to Tate & Lyle, via the parent company American Sugar Refining, ensures that there will be some softening of the blow delivered by the reform of the CAP as it guarantees a place for Belize's sugar in the EU market. Nevertheless, going forward, the viability of Belize's sugar industry will continue to depend on its success in reducing costs and increasing production and exports.

Chart 6.2: Merchandise Exports and Imports



Source: SIB

Chart 6.3: Domestic Exports



Source: SIB

EU importers, the local processor bypassed the US and diverted all sugar to the EU, except for 283 long tons that were sold in niche markets. However, notwithstanding a 7.4% increase in export volume, receipts were virtually unchanged at $107.4mn as depreciation of the Euro relative to the US dollar contributed to a 6.9% drop in the average price.

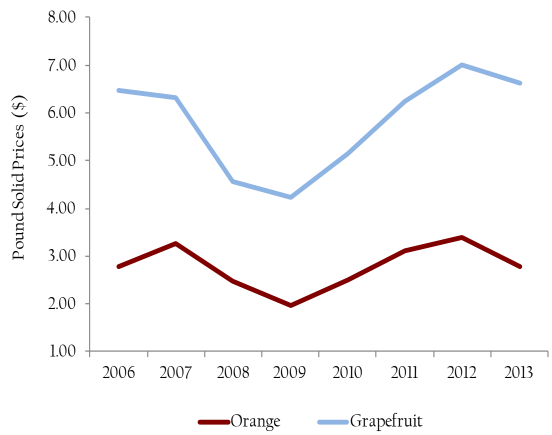
Weaker sugar prices and the build-up of inventory since 2010 led major producers in Europe and Asia to cut back on their beet and sugarcane production, and this also led to a lessening in the amount of molasses sold on the world market. Other smaller producers like Belize were therefore presented with an opportunity to capitalize on the price increases elicited by the supply shortfall. Consequently, the volume of molasses exports rose by 16.4% to 25,770 long tons, while the value almost doubled to $5.5mn.

Citrus Juices and Pulp

Exports of citrus juices shrank by 16.3%, reflecting contractions of 14.4% and 31.6%,

Balance of Payments *continued*

Chart 6.4: Citrus Prices



Source: CPBL

respectively, in the export volume of juices derived from orange and grapefruit. Revenues plunged by 29.1% to $87.4mn, as the volume decline and lower prices for orange concentrate outweighed gains from more favourable grapefruit concentrate prices.

Revenues from orange juices fell by $32.2mn to $76.6mn because of reduced volume and price decreases ranging from $0.04 to $0.86 per ps that followed the heightening of output by major producers such as Brazil, EU and China. Except for a 12.3% increase in sales to the US that enabled it to account for the largest share of Belize's citrus exports in 2013, the volume sold to nearly all markets was down. Most of the decline was accounted for by reduced sales of concentrates to the Caribbean and a halving in freeze concentrate sales to Japan.

In the case of grapefruit, export revenues were down by $3.9mn to $10.3mn, mainly due to the drying up of freeze concentrate sales to Japan. Sales of grapefruit concentrate to the Caribbean and EU markets rose during the year, however Belize lost its freeze concentrate market in Japan when importers switched to Mexican suppliers following the removal of import duties on freeze concentrate purchased from that country.

Only 0.1mn ps of not-from-concentrate juice was sold at a value of $0.5mn, compared to pulp exports, which were up in volume and value by 58.9% to 3.0mn pounds and 55.6% to $2.4mn, respectively.

Banana

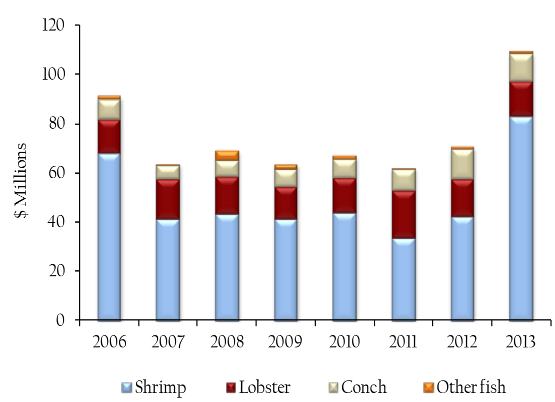
In late 2012, the BGA and Fyffes negotiated a five-year extension of their exclusive marketing contract, which commenced on 1 January 2013. Under the new agreement, the average price per box of banana sold to Fyffes was increased by 8.7%, with the justification being the rise in the global cost of banana production. While quality penalties increased from $0.014 to $0.018 per box, premiums earned on value added packaging enabled growers to net a 9.9% increase on the average box price. Banana export revenue consequently expanded by 5.6% to $97.8mn, even though the volume sold was down by 4.7% to 98,820 metric tons.

Balance of Payments *continued*

Marine Products

A surge in exports of farmed shrimp and whole fish boosted marine exports by 24.2% to 16.4mn pounds. Benefitting as well from higher prices for all commodities except fish, revenues expanded by 54.0% to $109.3mn, exceeding the $100.0mn threshold for the first time since 2004. Earnings from shrimp almost doubled to $82.8mn with increases of 31.5% in export volume and 48.2% in the average price per pound. The industry's strategy focused on the production of a high quality product to sell into specific niche markets, such as Mexico, where the geographic proximity allows producers to place the fresh product into the market within 24 hours of harvest. Earnings from fish exports also increased by $0.2mn to $1.1mn due to a notable growth in volume. In contrast, lobster and conch receipts fell by 9.3% and 5.8%, respectively, as price improvements did not compensate for lower sale volumes.

Chart 6.5: Exports of Marine Products



Source: SIB

Other Major Exports

Petroleum was once again the lead export commodity with earnings of $140.2mn, despite volume and revenue declines of 24.4% and 24.7%, respectively. The average price per barrel remained relatively steady at US$103.93, as geopolitical tensions eased during the year and global supplies remained stable. Meanwhile, US demand for papaya continued to be boosted by the growth of immigrant populations that have an appetite for this fruit. As one of the leading suppliers of papaya to the US, Belize was well positioned and thus able to increase the volume exported by 32.2% to 56.5mn pounds, which yielded a proportional revenue increase to $20.7mn.

Non-Traditional Exports

Strong growth in sales of animal feed, corn meal, pepper sauce and beans helped to push revenues from non-traditional exports up by 7.8% to $77.1mn. Volume increases accounted for the hike in earnings from animal feed and pepper sauce, while the growth in bean receipts was mostly due to improved prices. Of particular note, exports of animal feed more than quadrupled to 116.0mn pounds and revenues surged from $8.7mn to $28.5mn in the space of a year. In contrast, revenues from citrus oils, citrus squash, sawn wood, fresh orange and other miscellaneous commodities plunged because of reduced export volumes and prices.

Balance of Payments *continued*

Re-Exports

Income from re-exports was on par with the previous year as higher sales from the customs area of "Machinery and Transport Equipment", "Minerals, Fuel and Lubricants" and "Beverages and Tobacco" offset a 1.6% decline in CFZ sales. Receipts from the latter amounted to $486.0mn during the year.

Gross Imports

Gross imports (FOB) increased by 7.1% with imports for domestic consumption rising by $132.5mn versus a $16.9mn contraction in those destined for the CFZ. For the second consecutive year, ongoing infrastructural projects around the country bolstered growth in particular categories of imports such as "Machinery and Transport Equipment" and "Manufactured Goods", two of the three categories that together accounted for more than 80.0% of the imports growth.

Expenditure on "Machinery and Transport Equipment" was up by $46.5mn with increased purchases of big ticket items such as engines, telecommunications apparatus, vehicles, heavy duty construction and transportation equipment, industrial equipment and other capital inputs. Outlays on "Manufactured Goods" expanded by $24.6mn with sizeable increases for cement, construction materials, tiles, glass bottles, diamonds and other precious stones. "Other Manufactures" also grew by $26.7mn, boosted by higher expenditure on a wide array of items including jewellery, wrist watches, plastics and medical supplies and equipment. Higher production by export processing zone companies, the shrimp farms in particular, caused their import requirements to vault upward by 24.3% ($14.3mn).

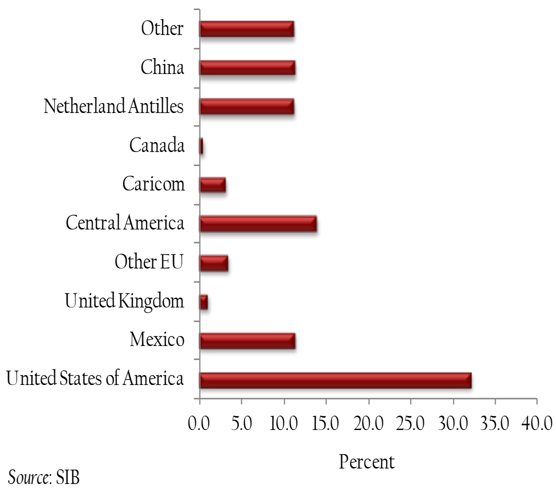
Smaller increases were recorded for "Chemical Products" that includes pharmaceutical supplies, herbicides and paints, and "Food and Live Animals" where the increases centred on items such as vitamin supplements, soups and sausages. On the other hand, purchases of "Minerals, Fuels and Lubricants" contracted by $4.8mn due to the lessening of electricity imports in the second half of the year.

Direction of Visible Trade

The inclusion of CFZ cross border sales causes Mexico to be ranked as Belize's principal market, its share increasing from 42.9% to 43.4% in 2013. Whereas the combination of zero sugar sales and lower receipts from petroleum and citrus juices resulted in the share of the US declining from 26.2% to 22.7%, increased sales of sugar and banana to the UK boosted its share from 13.1% to 15.7%. Banana sales to Ireland and Spain also contributed to a 0.8 percentage point rise in the share of the rest of the EU to 7.5%. Meanwhile, a notable expansion in animal feed exports combined with exports of farmed shrimp and fish to niche

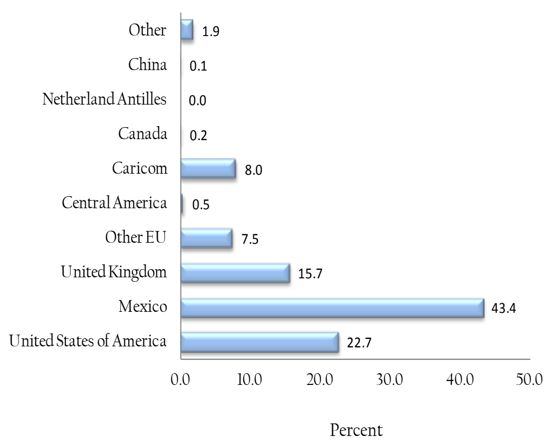
Balance of Payments *continued*

Chart 6.6: Direction of Visible Trade in 2013 - Imports



Source: SIB

Chart 6.7: Direction of Visible Trade in 2013 - Exports



Source: SIB

markets in Trinidad and Jamaica resulted in CARICOM's share rising from 5.9% to 8.0%.

The main source of imports was the US, which accounted for 32.2% of Belize's foreign purchases. Because of the downturn in CFZ activity, the share of imports from China dipped from 12.8% to 11.4%. While Mexico's share rose from 10.7% to 11.4%, that of Central America fell to 14.0% after flattening out at slightly more than 15.0% in the previous two years. The Netherlands Antilles accounted for 11.3% of imports mainly due to fuel purchases from the Venezuelan owned refinery that is located there.

Services

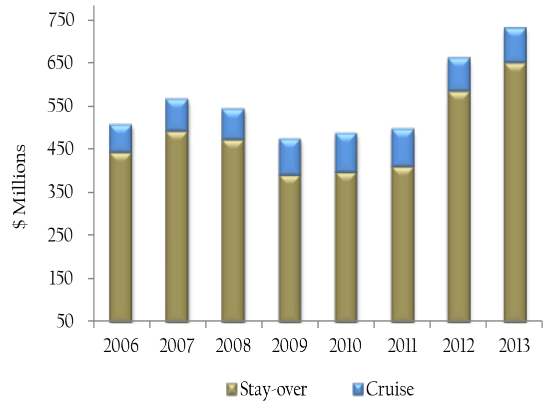
Net earnings from services rose by 8.6% to $480.5mn as increased inflows from tourism more than compensated for higher outflows on transportation and other miscellaneous services. Buoyancy in arrivals of stay-over and cruise ship visitors underpinned an 18.6% rise in net travel receipts to $621.7mn. On the other hand, the balance on other services swung from a surplus in 2012 to a net outflow due to payments for consultancies, accounting services and legal assistance relating to the restructuring of the super bond. Outlays on international freight charges also rose in tandem with the growth in trade volume.

Primary Income

Net outflows under the primary income account dipped by 1.8% to $236.0mn,

Balance of Payments *continued*

Chart 6.8: Tourism Expenditure



Sources: BTB and SIB

Chart 6.9: Net Balances of Services and Income Accounts

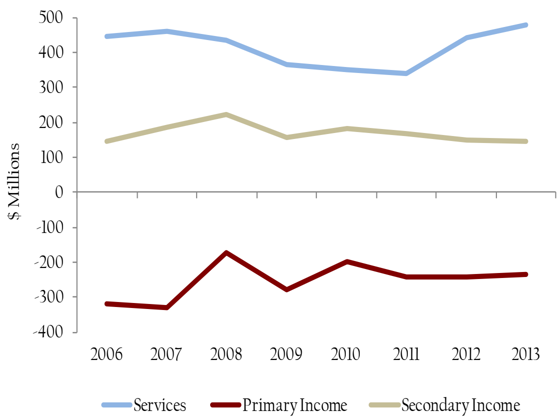
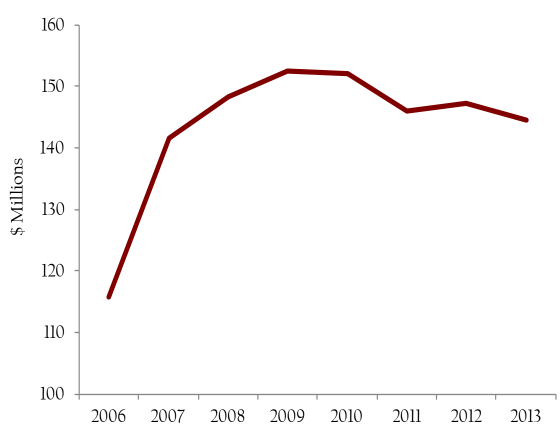


Chart 6.10: Remittance Inflows



notwithstanding substantial increases in profit repatriation by the tourism industry and the electricity sub-sector. The latter was partially countered by a contraction in the retained earnings of commercial banks and the lowering of government's interest costs due to the agreement to capitalize one of the biannual interest payments on the restructured super bond. Meanwhile, with activity in citrus and banana remaining subdued, payments to casual and border workers declined slightly during the year.

Secondary Income

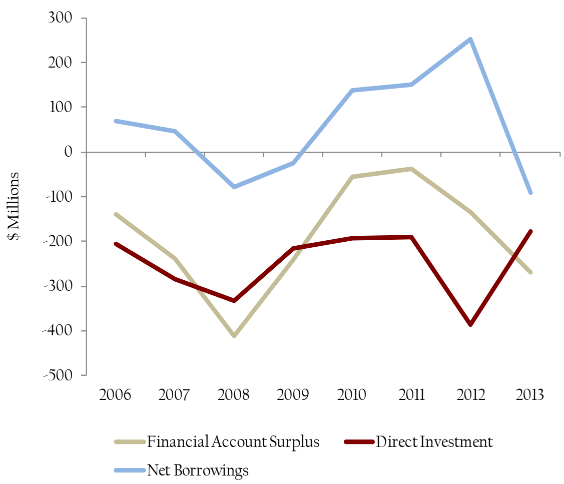
At $145.9mn, the surplus on the secondary income account was 3.7% lower than the previous year as a reduction in personal remittances sent to Belize outweighed a modest uptick in net inflows to religious organizations, insurance companies and credit unions. In the case of remittances, the net decline was $11.1mn, which reflected both a lowering of inflows and an increase in outflows.

Capital and Financial Accounts

The capital account surplus increased to $75.4mn (compared to $45.0mn in the previous year) as a result of the 10.0% haircut negotiated on the restructured super bond and grants from foreign donors. Net inflows on the financial account also doubled to $268.8mn due to a surge in loan disbursements to the government under the VPCA and net foreign direct investment

Balance of Payments *continued*

Chart 6.11: Main Components of the Financial Account



inflows of $177.2mn that were directed mostly into tourism, real estate activities and petroleum exploration projects. Other developments of note included a $92.3mn reduction in deposits held abroad by commercial banks and private sector net loan repayments to foreign creditors that amounted to $82.7mn. The aggregate surplus on the capital and financial accounts was thus sufficient to finance the current account deficit and boost the gross international reserves by $227.7mn to $805.4mn.

Central Government Operations

Government expenditure slightly outpaced revenues in 2013 yielding an overall deficit equivalent to 1.1% of GDP and a primary surplus of 0.8% of GDP. Expenditure rose by 1.8% during the year, driven by increased outlays for wages and salaries, goods and services, subsidies, and capital projects. Meanwhile, total revenues were up by 0.8% to $885.0mn (27.4% of GDP) with a general buoyancy in tax collections compensating for sizeable decreases in income from the oil industry and grants.

Tax revenues expanded by a robust $54.3m (7.8%) as improved monitoring and reporting resulted in higher collections of business and personal income taxes as well as the GST, which was also boosted by its imposition on fuel imports in place of the fixed import duty previously levied. The buoyancy of tax revenues was somewhat offset by a $28.2mn (21.5%) decrease in non-tax revenues, a reduction that was largely attributable to lower inflows from the repayment of old loans and licenses, and reduced royalties and dividends from the petroleum industry. On a positive note, even with the drop in petroleum royalties, income from rent and royalties rose by $2.1mn due to a $6.1mn increase in receipts from the registration of ships and international business companies that occurred with Government's acquisition of both registries in June.

Table 7.1: Summary of Revenue and Expenditure

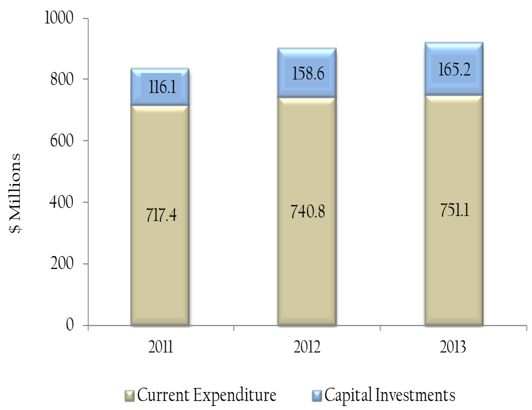
	Jan-Dec 2012	Jan-Dec 2013
Ratio to GDP (%)		
Current Revenue	26.2	26.4
Tax Revenue	22.1	23.2
Non-Tax Revenue	4.2	3.2
Current Expenditure	23.6	23.2
CURRENT BALANCE	**2.7**	**3.1**
Capital Revenue	0.2	0.2
Capital Expenditure (Capital II local sources)	2.1	2.9
OPERATING SURPLUS	**0.8**	**0.4**
Grants to GDP	1.4	0.9
Total Revenue and Grants	27.9	27.4
Total Capital Expenditure	5.1	5.2
Total Expenditure	28.7	28.5
of which: Interest Payment on Public Debt	3.0	1.8
Primary Balance to GDP	**2.2**	**0.8**
Primary Balance without Grants to GDP	*0.7*	*-0.1*
Overall Balance to GDP	**-0.8**	**-1.1**
Overall Balance without Grants to GDP	*-2.2*	*-1.9*

Sources: CBB and MOF

Current expenditure increased by 1.4% to $751.1mn (23.2% of GDP), and except for interest payments and pensions, increases were across-the-board. Interest payments contracted by 37.3% because of the payment of only one of the normally required biannual interest payments on the super bond as well as the progressive decline in domesticTreasury bill yields. Outlays on wages and salaries rose by 2.3% due to the payment of annual increments, and the reclassification of a portion of teachers' salaries accounted for the 16.6% rise in subsidies and current transfers. Spending on goods and services rose by 10.8% mainly due to the legal and administrative fees incurred for the restructuring of the super bond.

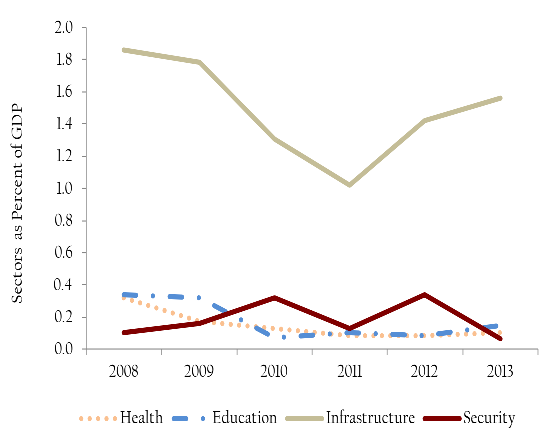
Central Government Operations *continued*

Chart 7.1: Current Expenditure and Capital Investments



Sources: CBB and MOF

Chart 7.2: Capital Expenditure as a Percentage of GDP



Sources: CBB and MOF

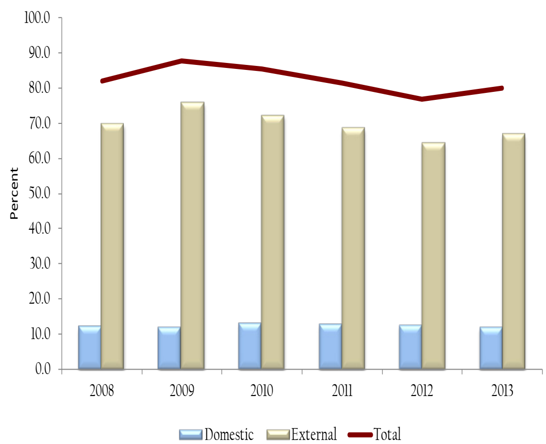
Capital expenditure and net lending increased by 3.9% to 5.2% of GDP with road infrastructure, the major component of the investment programme, accounting for 30.6% of the capital budget. The latter included developments on the south side of Belize City, completion of works on the Southern Highway, the construction of the Macal Bridge, and the maintenance and rehabilitation of highways. Natural resources, namely land and solid waste management, accounted for 11.8%, the sustainable tourism project was alloted 10.3%, and 13.2% went on environmental projects. A medley of disbursements for education, health, science, technology, housing, security and agriculture accounted for 9.9%, while social protection projects received 9.0%. The remainder was spent on projects such as the Belize Sport Centre, establishment of the National Bank of Belize, furniture, equipment and upgrading of office buildings.

Public Sector Debt

Reversing a three-year declining trend, the ratio of the public sector debt (external and domestic) to GDP increased from 76.9% to 78.9%, which was still below the ten-year average of 86.0%. Substantial, concessionary borrowing from Venezuela under the Petrocaribe Agreement pushed government debt up by 5.4% to $2,548.1mn, and this raised the ratio of the public sector external debt to GDP from 64.5% in 2012 to

Central Government Operations *continued*

Chart 7.3: Public Sector Debt as a Percentage of GDP



66.9%. The domestic debt edged down in the meanwhile from 12.4% of GDP to 11.9% of GDP.

Central Government's Domestic Debt

The surge in external borrowing reduced government's need for domestic financing, and with no new disbursements and a decrease in its overdraft balance, Central Government's domestic debt declined by 1.2% to $385.2mn (15.1% of its total outstanding obligations). At $55.1mn, the overdraft balance held with the Central Bank was comfortably below the legislated ceiling of $69.0 million for fiscal year 2013/2014.

Debt service payments (principal and interest) declined by 1.7% to $20.0mn during the year. Principal payments amounted to $3.5mn and included $1.0mn to commercial banks for infrastructural loans, $1.0mn and $0.3mn, respectively, to Belize Guardian Life and Fort Street Tourism Village for the retirement of those loans, and $1.2mn to non-bank entities. The $16.5mn in interest payments included payments to the Central Bank of $5.4mn for short-term credit provided through the overdraft facility and $7.5mn on longer-term Treasury notes and Defence bonds holdings. The commercial banks and non-bank entities received $2.6mn and $1.0mn, respectively, on credit provided by way of securities and loans.

Due to the continued decline in the interest rate on Treasury bills, the annual effective interest rate on the domestic debt fell to 4.3% in 2013, down from 4.5% in 2012 and 7.5% in 2009. Notably, since the shift in 2010 to greater reliance on and competitive bidding for government paper to meet financing needs, the Government has saved approximately $29.0mn in interest payments.

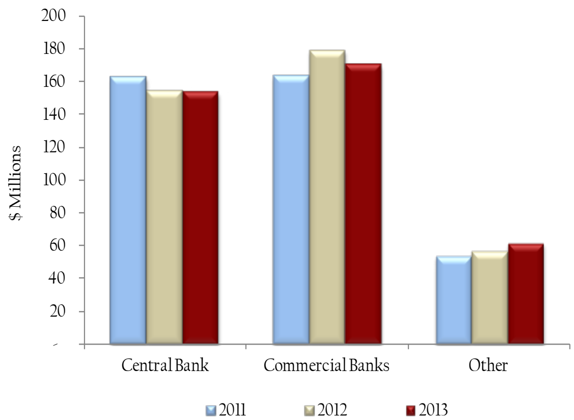
At year-end, the commercial banks held 44.2% of Central Government's domestic debt, while the Central Bank and non-bank entities accounted for 39.9% and 16.0%, respectively. The bulk of the domestic debt (66.2%), which consists mostly of Treasury bills, matures in one year or less. Of the remainder, 23.3% matures in two to five years, and 10.5% matures in 10 years.

Public Sector External Debt

Government's successful closure of the US$547.5mn debt exchange offer on 8

Central Government Operations *continued*

Chart 7.4: Sources of Central Government's Domestic Debt



March 2013, with 86.2% of creditors signalling agreement relative to the required creditor participation rate of 75.0% was a notable development. The main features of the exchange included a principal haircut of 10.0%, an increase in maturity by nine years to February 2038, equal semi-annual principal amortizations commencing in August 2019, a step-up coupon structure with annual interest payments set at 5.0% for the first four years after issuance of the new bond, then rising to 6.678% thereafter through to maturity, and the capitalisation of the unpaid portion of the August 2012 interest payment and interest accrued from August 2012 through to 19 March 2013. The new terms effectively achieved a 43.3% reduction in net present value and lowered debt service payments to a more manageable level.

Even so, the public sector external debt grew by 6.7% to $2,162.9mn during the year with disbursements soaring to $252.6mn, as compared to the $71.5mn received in 2012, and the $68.7mn averaged over the previous three years. Fuelling this credit boom were Venezuelan disbursements to Central Government that totalled $143.0mn, which accounted for 85.0% of bilateral disbursements and 60.0% of all foreign borrowing during the year. Multilateral disbursements summed to $77.5mn and included $21.3mn from the Caribbean Development Bank (CDB), $19.6mn from the OPEC Fund for International Development (OFID) and $20.3mn from the Inter-American Development Bank (IDB) for various projects such as the Santa/Elena Bypass, south side poverty alleviation, Social Investment Fund, water expansion, solid waste and land management projects. The share of the total external debt held by bilateral creditors rose from 16.8% to 22.3% while the share of multilateral institutions remained relatively stable at 29.0%, and commercial suppliers (namely, the restructured 2038 bond) accounted for 48.8%.

Annual debt service payments declined by 21.6% during the year. Principal payments, excluding the $107.9mn haircut on the restructured bond, remained stable at $80.8mn, while interest payments plummeted by 44.7% to $43.1mn. Central Government repaid $28.7mn to bilateral lenders, the ROC/Taiwan in particular, and $34.8mn to multilateral creditors, principal

Central Government Operations *continued*

Chart 7.5: External Debt by Creditor Category

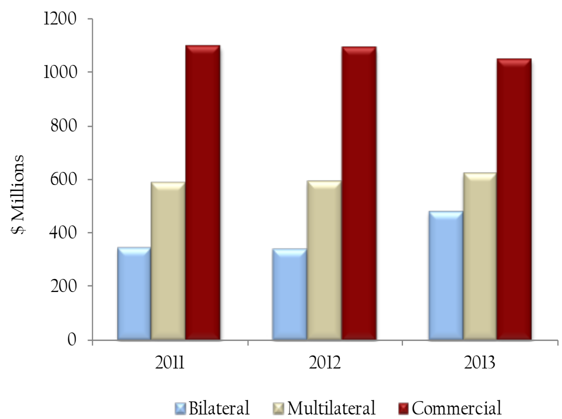


Chart 7.6: External Debt Service

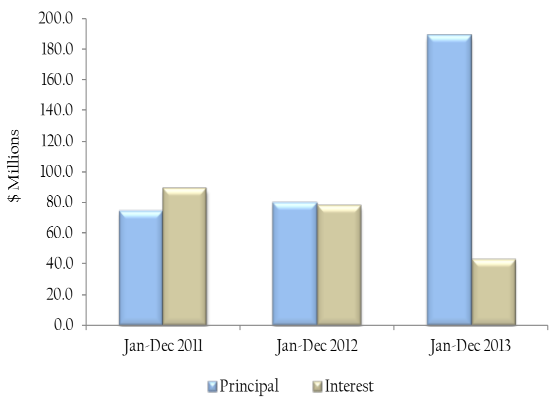
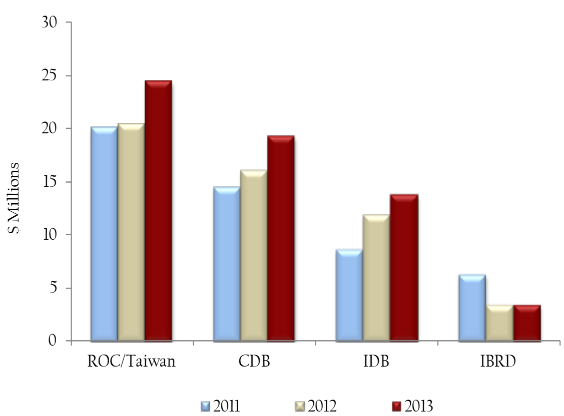


Chart 7.7: External Debt Principal Payment to Major Creditors



among which were the CDB and the IDB. The Development Finance Corporation (DFC) made repayments to CDB of $1.1mn and the Central Bank repaid $7.1mn to the IMF for the Emergency Natural Disaster Assistance facility. The non-financial public sector paid $4.2mn to CDB and $3.9mn to commercial suppliers.

Of the $43.1mn in interest payments during 2013, $22.0mn went to the holders of the restructured bond. Bilateral lenders were paid $8.2mn, of which $6.3mn went to ROC/ Taiwan, and the CDB and IDB accounted for most of the $12.9mn paid to multilateral lenders. The average interest rate on the external debt fell from 3.8% to 2.0% during the year, mainly due to the concessional nature of the Venezuelan loans (1.0% annual interest and repayment period of 25 years) and the fact that only one of two biannual interest payments was made on the restructured bond.

With an external debt to GDP ratio of 66.9%, Belize remains in the 'highly indebted' category. Continued efforts are thus necessary to bring the ratio below the 60.0% threshold that would be more conducive to long term sustainability for Belize. During the year, the ratio of external debt service payments to GDP improved to 3.9% (compared to 5.0% in 2012), mostly due to the one-off lowering of interest payments arising from the restructuring exercise. A

Central Government Operations *continued*

Chart 7.8: External Debt Annual Average Effective Interest Rate (AEIR)

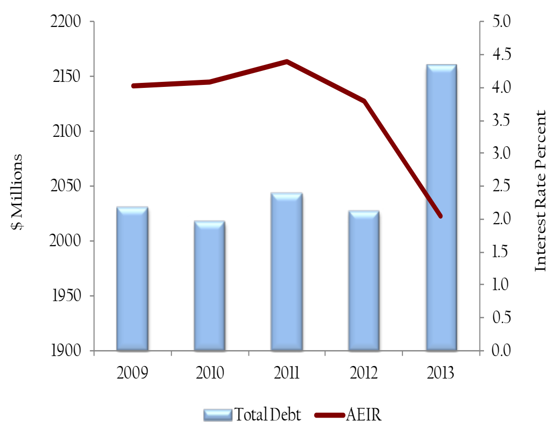
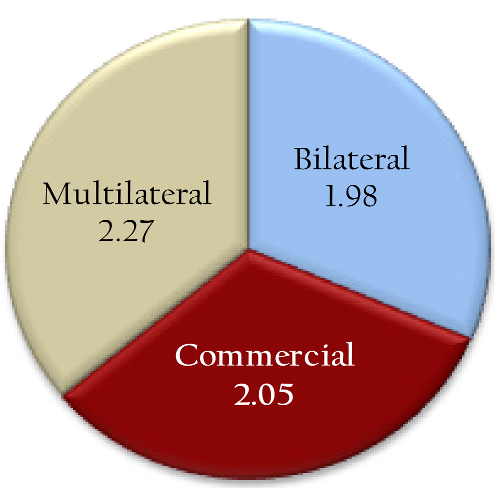


Chart 7.9: Effective Interest Rates by Creditor Category - 2013



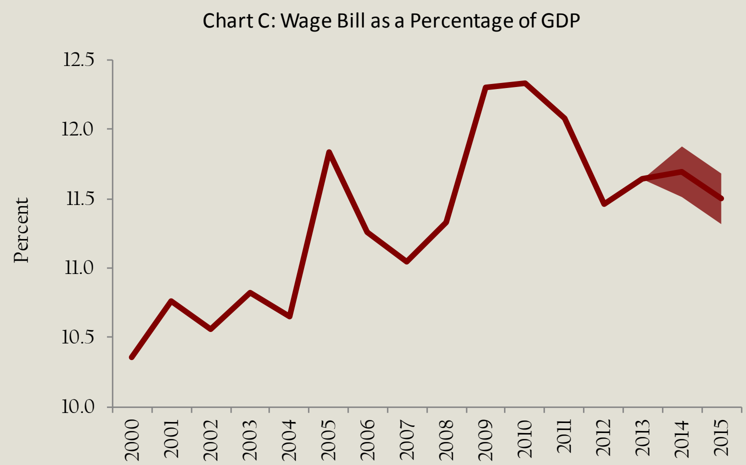
decline in the external debt service ratio (debt service payments to export earnings from goods and services) from 7.7% in 2012 to 5.9% in 2013 indicated an improvement in short term liquidity. The debt service/fiscal revenue ratio also improved from 18.0% in 2012 to 14.0% in 2013, implying greater fiscal space, as a lower proportion of revenue was devoted to external debt payments during the year.

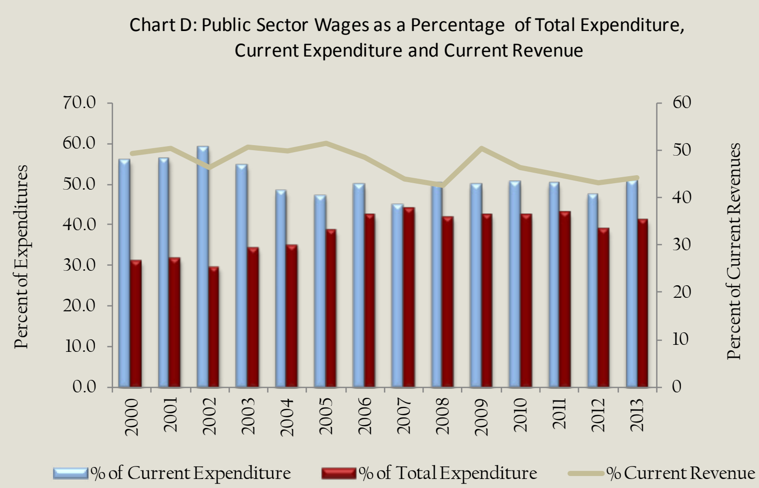
At the end of 2013, Central Government accounted for 95.6% of the outstanding external debt, and the financial and non-financial public sector for 3.0% and 1.3%, respectively. During 2014, $0.5mn of the present portfolio is scheduled to mature, and $139.7mn will mature during the next ten years, leaving $2.1bn with a maturity schedule that exceeds ten years.

Central Government Operations *continued*

Box 3: The Public Sector Wage Bill and Productivity

The scope and wage levels of the public sector differ dramatically across countries. According to a World Bank study, the government wage bill averages about 10.0% of GDP in advanced economies, and between 5.0% and 10.0% of GDP in emerging and low-income countries. Public employment levels largely reflect a combination of the particular economic circumstances a country faces and the prevailing political ideology. In certain instances where the fiscal space is adequate, governments may expand public employment in an effort to compensate for the inadequate supply of other goods and services such as healthcare, education and national security, or for social protection.





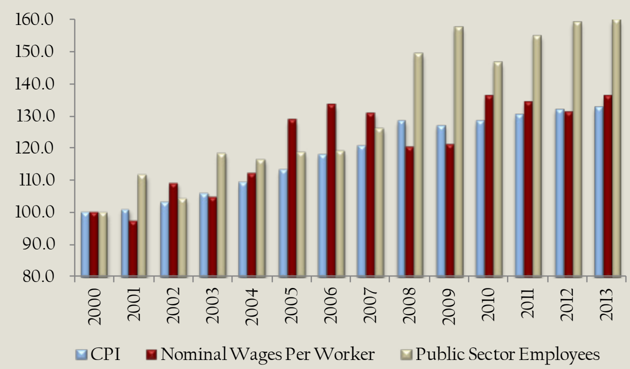
In Belize's case, the ratio of the public sector wage bill to GDP stood at 11.6% at the end of 2013, which is above the average for most countries. Since 2000, the public sector wage bill has increased at an annual average of 6.3%, mostly due to an increase in the workforce. According to the SIB's Labor Force Survey (LFS), the number of workers directly employed by Government (as civil servants, contract workers and on a part-time basis) at 2000, 2007 and 2013 was 10,434, 10,562 and 14,829, respectively. When salary contributions for teachers working in non-government schools and other workers in government institutions receiving subventions for salaries are also taken into account,

Central Government Operations *continued*

Box 3: The Public Sector Wage Bill and Productivity *continued*

the estimated numbers of public sector employees for the same years were 11,000, 13,883 and 17,594, respectively. In recent times, the mushrooming of the wage bill is largely explained by a steady increase in the number of teachers and security personnel, and, to a lesser extent, annual salary increments. An uptick in low level jobs and the addition of new government ministries have also contributed.

Chart E: CPI, Public Sector Nominal Wages and Employment (base=2000)



Since 2000, the public sector wage bill has consumed an annual average of 47.3% of government's current revenue, compared to the internationally acceptable level of 40.0%. The wage bill also accounted for 51.0% of current expenditure and 38.2% of total spending over the same period. If not for the temporary wage freeze in 2007 and the relatively low inflation rates during the period, these ratios would have been significantly higher. An often used rule of thumb states that when the ratio of the wage bill to total expenditure rises above 25.0%, outlays for goods and services, maintenance and capital projects fall below acceptable levels.

Chart F: Trend in Productivity and Real Wages (Per Worker) of the Public Sector (base=2000)

Transparency, efficiency and sustainability are the general mandates of the public sector. It is therefore necessary that consideration be given to the link between wage growth and productivity (as measured by output per worker), as well as the efficiency and effectiveness of the public service when salary

Central Government Operations *continued*

Box 3: The Public Sector Wage Bill and Productivity *continued*

adjustments are on the table. In this regard, productivity growth in the public sector has been lackluster over the past 13 years, generally trailing behind real wage growth with the difference widening noticeably since 2004. To ensure sustainability, productivity should be growing faster than real wages, a reversal of the current scenario. In a recent IDB study, Belize and several other Caribbean and Latin American countries were ranked according to public sector performance and efficiency. While Belize ranked well where price stability and income distribution are concerned, it was below average in the areas of public sector performance and efficiency, being ranked the third lowest and second lowest of all the countries, respectively.

Table A: Public Expenditures (Percentage of GDP), Public Sector Performance and Efficiency Indicators and Economic Performance Indicators

Countries	Total Expenditure	Public Sector Performance Indicator[1]	Public Sector Efficiency Indicators[2]	Economic Performance Indicators
Belize	30.32	0.97	0.86	1.21
El Salvador	19.23	1	1.33	0.98
Guatemala	14.2	0.96	2.03	1.17
Guyana	30.77	1.06	0.71	0.81
Honduras	27.4	0.92	0.87	0.94
Jamaica	32.84	1.06	1.24	0.67
Suriname	28.58	1.02	0.96	0.92
Trinidad & Tobago	27.75	1.13	1.35	1.21
Average	*26.51*	*1.00*	*1.19*	*1.00*

Source: IDB, 2013

Note: Economic Performance uses indicators such as income distribution, economic stability and economic performance (also known as Musgravian indicators)

(1) Public sector performance indicators (PSP) are based on equal weighted observable socioeconomic variables that are assumed to be the output of public policies. These variables are: 1) administration which is broken down into: corruption, red tape, quality of judiciary and shadow economy 2) education: secondary school enrollment, quality of math and science 3) health: infant mortality, life expectancy and 4) public infrastructure: quality of infrastructure. Countries with PSP scores greater than one are seen as good performers as opposed to below one.

(2) Public sector efficiency indicators (PSE) relate performance to cost incurred to achieve it. Therefore each performance variable is weighted by their respective public expenditure.

The size and cost of the public sector are not the main determinants of efficiency and effectiveness, however, these are of considerable importance in relation to the potential crowding out effect on the national economy. The tradeoffs are substantial. As the wage bill continues to consume more resources, it must be evaluated in terms of its direct impact on Belize's long term performance and sustainability against the backdrop of employment and poverty levels, security (individual and national) and the sizeable external debt obligations.

Central Government Operations *continued*

Box 3: The Public Sector Wage Bill and Productivity *continued*

An increase in the share of public expenditure that is oriented toward consumption contributes to balance of payment pressures and results in slower growth over the medium to long-term. Looking at the current situation, it is clear that Belize's private sector should develop an entrepreneural culture that positions it to be the preeminent absorber of labour in the economy and thus relieve the government of this particular burden. In addition to providing the basic infrastructure, the government is responsible for developing the skills of the workforce and providing a stable and enabling business environment. There are some immediate challenges in the quest to achieve this. These include the implementation of pension reform and pay performance schemes that properly align the provision of government services with the goals of efficiency, effectiveness and sustainability.

Central Bank Operational Review

Administration

Project Management

During 2013, the Project Management Office (PMO) engaged in key initiatives aimed at strengthening the Bank's organizational capacity to consistently implement successful projects. Two of these, benchmarking of the Central Bank's project management (PM) competency level and completion of the PMO charter, together set the foundation for formulation of strategies to drive further development of PM competency in the Bank. In line with this objective, the PMO rolled out its project management training programme and to date, 71% of staff has completed basic PM training. During the year, there were 15 active projects: five short-term projects to manage Central Bank events, six projects to upgrade operational efficiencies and four major projects to implement strategic initiatives.

The Enterprise Business System (EBS) is currently in the execution phase and is expected to be fully operational by December 2014. Project activities for the Credit Reporting System and NPS continued to advance, with further work on draft legislations and regulatory frameworks. In addition, requests for proposal were finalised for both projects. The Credit Reporting System project also achieved another major milestone. The Caribbean Credit Reporting Conference was held in April 2013 to heighten public awareness and encourage corporation among industry practitioners. The conference was conducted in collaboration with the International Finance Corporation (IFC) and Canadian International Development Agency (CIDA). The Time Series Data Management System Project has also made significant progress with issuance of the request for proposal to prospective vendors. Evaluation of the responses is scheduled for the first quarter of 2014.

Looking ahead, project management activities in the Central Bank are expected to further intensify during 2014 as most projects reach implementation stage and the PMO further rolls out those activities under its charter.

Information Systems

Improved efficiency of the Bank's internal processes through the optimal use of information technology in a safe and secure environment remained a high priority operational objective. In this regard, the Bank's Information Technology Department (ITD) began the process of upgrading its information technology infrastructure as a precursor to the acquisition of new strategic systems that include an enterprise business system (EBS), an automated transfer system (ATS), and a Time Series Data Management System. The selection of a supplier of the new EBS was completed during the year and the groundwork to institute the new system started with a study that captured the

Administration *continued*

functional requirements and design of its financial components. Implementation is scheduled for early 2014, commencing with phase I, the financial and supply chain modules. Both are expected to become fully operational by year-end.

Work was done to upgrade the SWIFT Alliance Entry system to enterprise SWIFT Alliance Access in order to accommodate the SWIFT closed user group network, which will be one of the main platforms providing connectivity for the proposed national payments system's ATS. Work also began during the year to enhance three foreign exchange databases developed in-house for the Research Department. The databases' requirements, specifications and designs were completed and should be deployed in early 2014. In line with the Bank's content driven strategy, a major upgrade of the website's content management system was also completed during the year in order to enhamce all aspects of user experience on the site.

Initiatives to improve internal processes were also implemented. The ITD's operational controls, standards, guidelines and procedures underwent revision during the year to give effect to the recently revised and approved information security policies. The ITD also launched an online service desk that automated the procedure to request assistance from the department and developed service level agreements and performance measures, thus eliminating paper forms and reducing email and telephone requests. The service desk is fully integrated with Microsoft Windows Active Directory and the Exchange Server to provide maximum efficiency to end users.

For the upcoming year, the ITD will marshal and organize its resources to provide critical support for the implementation of strategic initiatives that will require information technology inputs in areas of security, data analytics and system integration as well as the alignment of the technical infrastructure to the business needs.

Internal Audit

Internal Audit Department reports functionally to the Audit Committee and administratively to the Governor. Internal Audit assists the Board of Directors and management by providing continuous process improvement guidance and recommendations in order to facilitate the achievement of the Bank's objectives. This is accomplished through objective and focused reviews, evaluations, audits and monitoring of processes, procedures and activities; compliance with legal requirements; compliance with Bank and Government policies; compliance with applicable accounting and computer control standards; and compliance with risk management standards. During the year, Internal Audit performed those activities in the Finance, Banking and Currency, Administration,

Administration *continued*

Human Resources, Information Technology, Security, Financial Sector Supervision and Research Departments.

Additionally, the Central Bank's Board of Directors approved revised charters of the Audit Committee and Internal Audit function. The revisions brought the charters up to date with current global practice and addressed the optimisation of financial performance, improvements in detecting and managing risks, in oversight and control of the financial system as well as compliance with legal requirements and policy direction from the Government of Belize. Furthermore, the aegis of Internal Audit was broadened to a "continuous process improvement" approach where the audit function shifts from a "policing" stance to support and assistance that improves operational efficiency and effectiveness.

In carrying out its charter, the Audit Committee monitored the activities of Internal Audit and contributed to the improvement in the design and effectiveness of internal controls, particularly those relating to the management of facilities maintenance and physical security arrangements. The Audit Committee also held meetings with key personnel and the external auditors to discuss the effectiveness of the Bank's financial operations, finances and computer control systems. The Committee also recommended the re-appointment of the existing external auditors for another three-year period.

Human Resources

On 28 April 2013, the Central Bank mourned the untimely passing of Miss Thelma Palacio, a receptionist in the Administration Department who had been employed by the Bank for fourteen years.

Staffing and Employee Relations

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

At year-end, the Central Bank’s staff complement was 170, of which eight were on contracts of service, five were employed as temporary staff and three were part-time workers. The turnover rate dipped from 0.68% during 2012 to 0.64% in 2013. During the year, twelve persons joined the Bank, four were separated and one person retired. Five employees were promoted: two in the professional grades, one to the manager grade and two within the security officer grades.

Administration *continued*

Employees who had reached their respective milestones during the period, 1 July 2012 to 30 June 2013, were recognized and rewarded. At the Annual Employee Recognition Ceremony, twenty-one employees received long service awards, including twelve for 10 years of service; four for 15 years of service; two for 20 years of service and three for 25 years of service. As part of the inculcation of a project management discipline and fostering of effective teamwork across the Bank, employees were honoured for their participation in teams that worked on cross-functional projects.

Training and Development

Staff at the management and professional levels were trained in strategic management through customized workshops such as Bridging the Execution Gap – a Leadership Development and HR of the Future. This target group also participated in an Emotional Intelligence training workshop. Reinforcement of the preceding training was done through an on-line self-study programme, Emotional Intelligence for Personal Leadership. Furthermore, the opportunity to undertake the on-line study course in Disruptive Change Management was extended during the year to a second set of staff.

As part of the programme to develop staff proficiency in the use of the Bank's project management software, training in MS Project Management Web Application continued during the year. Employees in the supervisory and professional capacities strengthened their technical competencies through specialized trainings, seminars and workshops, such as the Commonwealth Secretariat-Debt Recording Management System Version 2.0, Anti-Money Laundering Examination, Auditing, Analyzing and Improving Process, Building Competency Model and an anti-money laundering seminar organised by the Association of Supervisors of Banks of the Americas.

Corporate Relations/Community Service

A commitment to the continuous development of national education was demonstrated through the 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. In addition, at the secondary level, five senior high school students did their work study programmes at the Bank, while twelve students at the tertiary and bachelor level were hired under the Summer Employment Programme and benefitted from the opportunity to develop their practical skills and work experience.

The Bank participated in the 2013 Earth Day Clean-up Campaign which was spearheaded by the Belize Audubon Society and aimed at building environmental consciousness and garnering

Administration *continued*

support and commitment for a sustainable and greener environment. Staff, once again, donated generously to the annual Salvation Army Christmas Appeal and the Kidney Association of Belize to assist the needy in the community, and participated in the annual Belize Cancer Society Walk to show solidarity with those affected by cancer. Furthermore, through its Cultural Outreach Programme, the Staff Club made contributions to the Dion Flowers' Third World Sports Summer Camp, the Annual Ride Out for Diabetes and a needy family.

The annual Family Day, Staff Christmas Party and Easter Egg Hunt that were held during the year were well attended. The Bankers' Christian Fellowship also continued its monthly praise and worship services and community outreach activities during the year and contributed significantly to the Central Bank's effort in promoting work-life balance.

Annual Conference of Human Resource Managers

The XVI Annual Conference of Human Resource (HR) Managers of Central Banks in the Caribbean Region was hosted by the Central Bank from 4 to 6 September 2013 under the theme, "Human Resource Management: Aligning People and Business". Discussions focused on corporate strategies and maintenance of a motivated and inspired workforce for effective strategy execution.

Participants from the Bank of Jamaica, Bank of Guyana, Banque De La Republique D'Haïti, Centrale Bank Van Curaçao En Sint Maarten, Central Bank of the Bahamas, Central Bank of Barbados, Centrale Van Suriname, the Central Bank of Trinidad and Tobago and Central Bank of Belize shared their respective experiences in performance management and competency building in the context of modern central bank organizational development. Human resource practitioners from across Belize were also given the opportunity to participate in the conference as observers.

The agenda items included Education and the Development of Skills for the Workplace, Reviewing the Technical Potential of Integrating Occupational Assessments in Hiring: A Case Study of the Usage of Psychometric Assessments in a Selection Exercise; panel discussion on Work Life Balance/Imbalance and a workshop entitled, HR – Earning a Seat at the Strategy Table. The annual conference seeks to promote and maintain close communication and cooperation among HR practitioners of central banks in the region and allows the exchange of ideas and sharing of information on topical issues such as the latest HR management strategies that impact staff selection, compensation, performance, training and retention, and other HR related matters.

Administration *continued*

Central Bank of Belize staff presented the following papers at the conference:

- "The Strategy-Focused Evolution of the Central Bank of Belize" by Carol Hyde
- "Aligning People & Business through Enterprise Resource Planning" by Hollis Parham
- "COSO Enterprise Risk Management Framework: Supporting Staff in the Bank's Business Transformation" by Effie Ferrera
- "Central Bank of Belize's Project Management Office: Influencing the Competency Continuum" by Sheree Smiling Craig
- "Leveraging Information Technology to Transform Job Performance" by Rabey Cruz

Committee of CARICOM Central Bank Governors

In 2013, Governor Glenford Ysaguirre assumed the chairmanship of the CARICOM Central Bank Governors and the Central Bank of Belize consequently hosted the 40th and 41th bi-annual meetings of the Group. The first meetings took place in May (9th and 10th), and the second occurred in November (21st and 22nd). Participants came from regional central banks, the CARICOM Secretariat, the Caribbean Centre for Money and Finance, the Caribbean Regional Technical Assistance Centre, the IMF, the CFATF and the Centre for Latin American Monetary Studies. Chairmanship of the Committee and hosting of the meetings pass from Belize to the Central Bank of Trinidad and Tobago in 2014.

Financial Operations

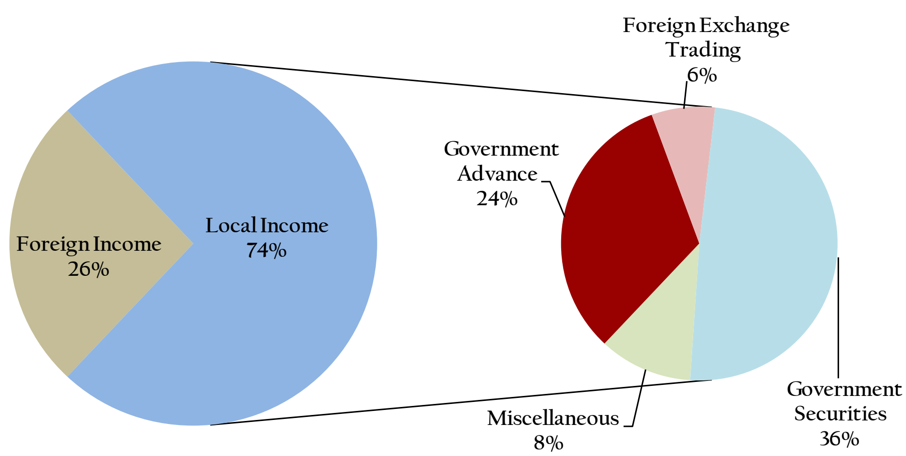
Financial Performance

Boosted by robust foreign currency inflows, the Central Bank's assets rose by 27.8% to reach $1.0bn by the end of the year. Even though international interest rates remained at historically low levels, the buildup in the Bank's holdings of investible foreign assets and a management decision to diversify the portfolio to include marketable securities as well as the traditional fixed/certificates of deposits facilitated a 55.8% growth in foreign investment earnings. As a consequence, income from foreign sources increased from 20.0% of total income in 2012 to 26.0% in 2013.

At $22.4mn, gross income was $3.6mn higher than the amount recorded in the previous year. The net operating surplus more than doubled to $6.7mn due to the rescheduling of some projects and the associated expenditures, capital gains from foreign investments, increased earnings from foreign exchange trading, revenues from the overdraft facility and dividends from Belize Telecommunications Limited. Annual expenditure amounted to $15.7mn, with staff costs, interest and currency payments, and other administrative and operating outlays representing 58.0%, 13.0% and 29.0% respectively.

As provided for under section 9(1) and section 50 of the Central Bank Act, $0.7mn (10.0% of the net operating surplus less any revaluation loss) will be paid into the Central Bank General Reserve Fund. The balance of $6.0mn will be transferred to the Accountant General for government's consolidated revenue fund.

Chart 9.1: Foreign and Local Income



Financial Operations *continued*

Chart 9.2: Assets

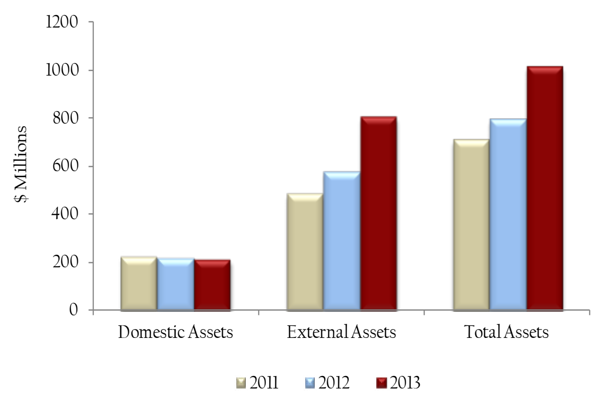


Chart 9.3: Trade in Foreign Currency

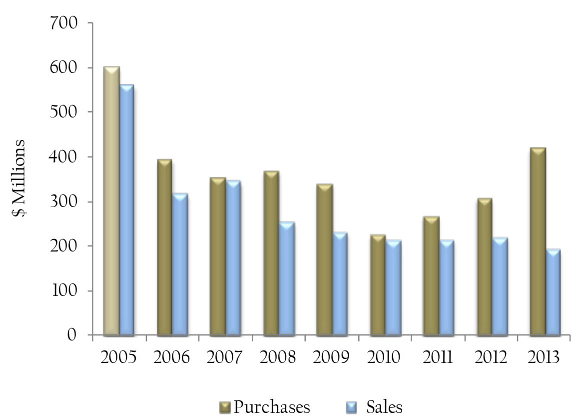
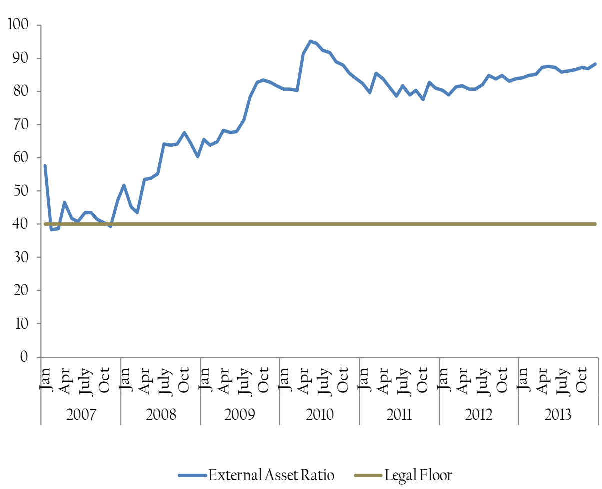


Chart 9.4: External Asset Ratio



Foreign Exchange Operations

The Central Bank's foreign currency transactions with the public sector, commercial banks, foreign governments and other external agencies yielded net purchases of $225.7mn, which was 157.0% more than what was recorded in the previous year. The largest amounts came from Alba Petro-Caribe (US$71.3mn), Belize Sugar Industries (US$32.2mn) and Belize Natural Energy (BNE) (US$27.0mn). Other sizeable inflows included US$17.5mn from ROC/Taiwan, US$9.7mn from the IDB, US$7.7mn from the international business companies and ships registries, and US$3.0mn from commercial banks. The largest external payment, which was the semi-annual interest due to foreign holders of the restructured super bond, took place in August. Trading operations involving CARICOM currencies were mainly to facilitate official transactions and these resulted in net sales of $2.9mn.

External Asset Ratio

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

Financial Operations *continued*

The Central Bank's foreign assets increased by 39.0% in 2013, peaking at $804.2mn at the end of December with holdings consisting of cash and fixed deposits (57.9%), foreign securities (32.8%) and Special Drawing Rights (SDR) with the IMF (9.3%).

The external asset ratio fluctuated closely around the 84.0% level in the first quarter as the growth in foreign assets and domestic liabilities was similarly paced. During the remainder of the year, July being the only exception, foreign assets grew at a pace that allowed the ratio to increase moderately and close the year at 88.2%. The generally upward drift in the ratio was facilitated by foreign currency inflows from Alba Petro Caribe, BSI and BNE. The July decline was partly due to a medley of external payments encompassing debt servicing obligations, payments for Belize Petroleum Energy, subventions to foreign missions and other miscellaneous expenses. External interest payments were significantly lower because of the successful restructuring of the super bond that resulted in a reduced interest rate as well as an agreement for only one payment to be made in 2013 when two is normally required.

Chart 9.5: Monthly External Asset Ratio 2013

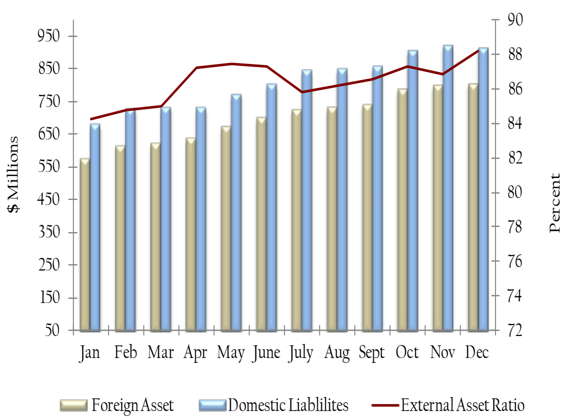
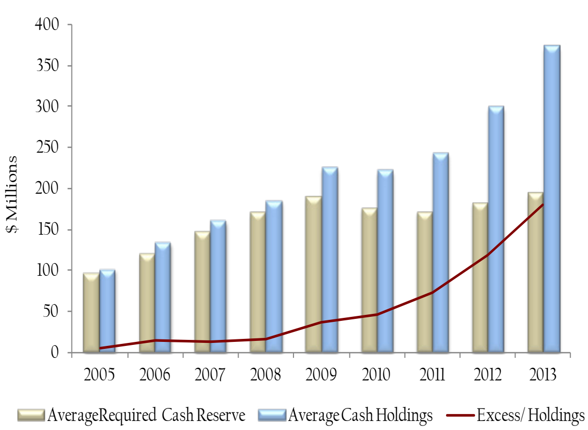


Chart 9.6: Commercial Banks' Cash Holdings



Commercial Banks' Cash Balances

The commercial banks' cash reserve requirement remained fixed at 8.5% of their average deposit liabilities. While secondary liquidity contracted for the first time since 2007, holdings of cash expanded by $51.6mn (15.2%) as deposits outpaced loans, and foreign currency sales led to a corresponding increase in domestic currency balances. Over the year, excess cash reserves rose by $45.7mn (30.0%) to $198.3mn and the monthly average of $179.5mn was significantly above the previous year's average of $118.0mn. Reverting to more customary growth patterns, almost three-quarters of the increase occurred

Financial Operations *continued*

Chart 9.7: Currency in Circulation

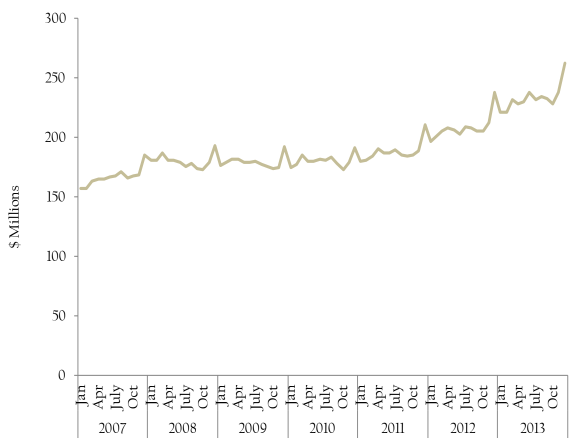
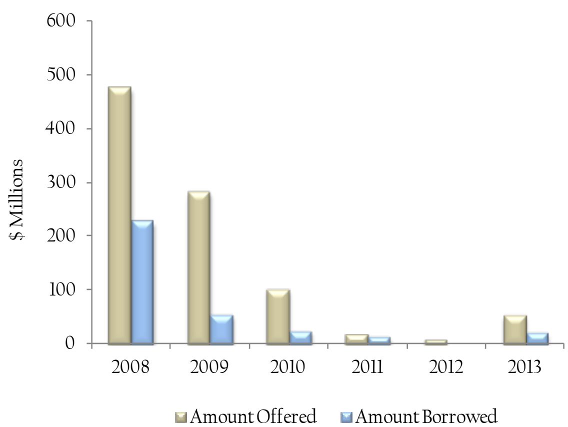


Chart 9.8: Annual Inter-Bank Market Activity



during the first seven months. Thereafter, the accumulation continued at a slower pace, except for a temporary dip in November that reflected an acceleration in lending during October and November.

Currency Operations

The Central Bank is responsible for ensuring an adequate supply of domestic coins and notes 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 $76.8mn were removed from circulation, and $99.5mn in new notes was issued. At the end of the year, the total value of banknotes stood at $238.7mn, representing a 10.7% increase over the previous year, while the value of coins in circulation increased by 5.4% to $23.7mn.

Following a 13.1% growth in the previous year, currency in circulation increased by 10.2% to end the year at $262.5mn. In line with normal seasonal patterns, most of the increase was in December, during which commercial banks' vault cash rose by $11.5mn to $50.8mn and currency with the public expanded by $13.1mn to $211.7mn. The ratio of banknotes and coins was relatively stable with banknotes accounting for 91.0% of currency in circulation.

Inter-Bank Market

The build up of liquidity in the banking system has had a dampening effect on the inter-bank market since 2008. However, after a year of relative dormancy, activity revived somewhat in 2013 with the placements of $12.0mn and $10.0mn in January and November, respectively. Nine offers summing to $54.0mn were made during the year and three were taken up at interest rates ranging from 3.5% to 4.75%. The large liquidity overhang is expected to keep inter-bank lending at minimal levels during the forthcoming year.

Financial Operations *continued*

Chart 9.9: Overdraft Financing to Central Government 2013

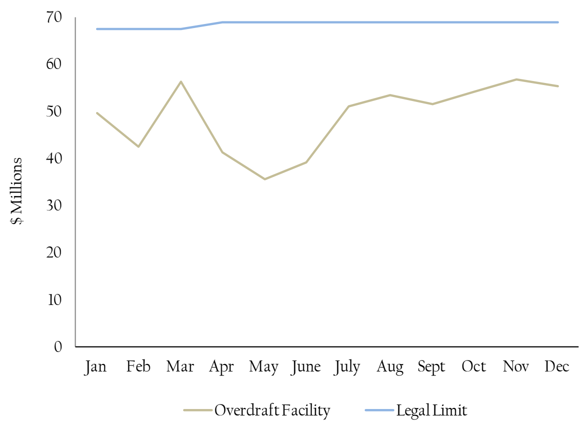
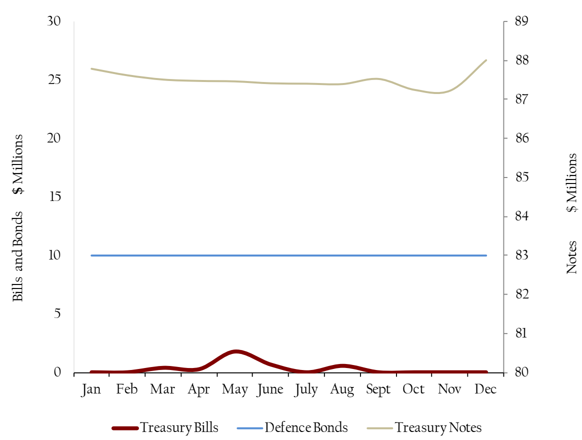


Chart 9.10: Central Bank's Holdings of Government Securities 2013



Transactions with Central Government

At 8.5% of current revenue collected during the preceding fiscal year, the ceiling on Central Bank overdraft advances to Central Government amounted to $69.0mn for the 2013/2014 fiscal year. While fiscal expenditures exceeded revenues for the calendar year, the balance on the facility was kept comfortably below the legislated ceiling.

From a high of $56.8mn in December 2012, the overdraft balance declined for two consecutive months and averaged $42.6mn in February as a result of the temporary easing of cash flow pressures following the receipt of VPCA funds in February and the capitalisation of the first bi-annual interest payment on the restructured super bond. An upward surge in March due to expenditures associated with the close of the fiscal year was followed by further declines with a low of $35.6mn being reached in the month of May as funds were received from OPEC and Venezuela. In the second half of the year, spending pressures arising from scheduled debt servicing, including payment of interest on the restructured bond in August, the establishment of the National Bank of Belize Limited and a modest pickup in the pace of capital expenditures pushed the average balance back up to $53.6mn. And by the end of the year, the facility stood at $55.4mn (6.8% of recurrent revenues of the 2012/2013 fiscal year).

Treasury Bills

There were no new government issuances and the Central Bank's activities therefore centred on the periodic rollover of Treasury bill tranches that summed to $175.0mn. Against a backdrop of low international rates and high domestic liquidity, commercial banks' demand for these securities significantly outstripped the available supply. Consequently, the banks held the bulk of the Treasury bills throughout the year, although their portfolio holdings

Financial Operations *continued*

Chart 9.11: Treasury Bill Yield Curve 2013

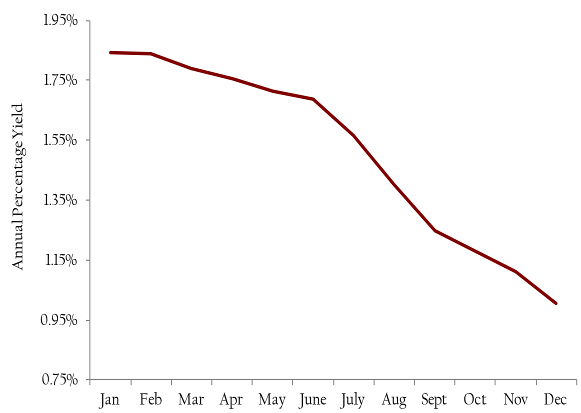
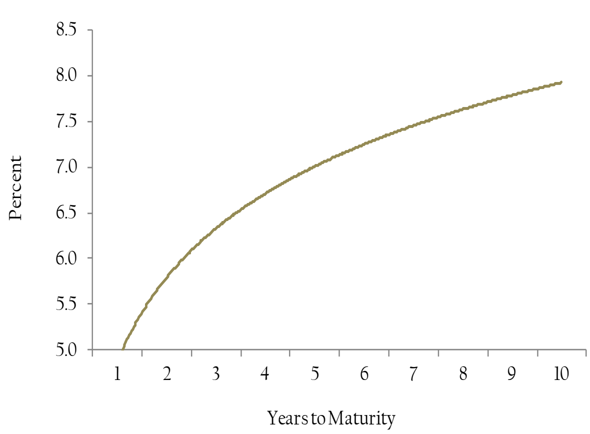


Chart 9.12: Treasury Note Yield Curve



fell by 4.5% to $166.0mn at year-end due to competition from insurance companies. The quantity held by the latter rose from $1.5mn in January to $8.3mn at year-end, and the remaining $0.7mn was taken up by the Belize City Council. In this environment, the average yield continued to trend downward, tumbling from 1.90% at the last auction in 2012 to 1.01% at the end of 2013.

Treasury Notes

The stock of Treasury notes remained unchanged at $136.5mn in 2013, as there were no new issuances during the year. In December, Treasury notes consisting of $20.0mn in one-year and $15.0mn in two-year notes matured. These were rolled over for similar maturities, however, the interest rate on each was reduced by 100 basis points in light of current market conditions.

During the year, the Central Bank took up a portion of the notes surrendered at maturity by some institutional investors, and this caused its share to edge up from 64.3% in 2012 to 64.8% ($88.4mn). The share held by institutional investors decreased from 33.7% in 2012 to 33.2% in 2013, while holdings by individuals remained unchanged at 2.0%.

At the end of the year, outstanding Treasury notes consisted of $25.0mn in one-year notes ($20.0mn at 5.0% and $5.0mn at 6.0%), $15.0mn in two-year notes at 6.0%, $66.5mn in five-year notes at 7.5% and $30.0mn in ten-year notes at 8.25%.

Financial Statements

Financial Statements

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, 2013 and 2012, the statements of profit, statements of other comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

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, 2013 and 2012, 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
February 21, 2014

Financial Statements

CENTRAL BANK OF BELIZE

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

ASSETS	**Notes**	**2013**	2012
APPROVED EXTERNAL ASSETS:			
Bank balances and deposits with foreign bankers – unrestricted		**$ 3,466,732**	$ 3,488,883
Bank balances with foreign bankers – restricted	5	**20,000,000**	20,000,000
Reserve Tranche and balances with the International Monetary Fund	6	**74,646,172**	74,556,970
Other foreign credits instruments	7	**438,916,960**	459,694,013
Accrued interest and cash-in-transit	8	**3,410,777**	3,726,103
Marketable securities issued or guaranteed by foreign governments and international financial institutions	9	**263,735,714**	16,050,000
Total approved external assets		**804,176,355**	577,515,969
BALANCES WITH LOCAL BANKERS AND CASH ON HAND		**155,306**	375,612
BELIZE GOVERNMENT SECURITIES	10	**98,421,000**	97,797,000
BELIZE GOVERNMENT CURRENT ACCOUNT	11	**49,059,430**	53,889,860
OTHER ASSETS	12	**11,557,383**	13,284,046
POST EMPLOYMENT OBLIGATIONS	28	**3,341,174**	3,341,174
INVESTMENT SECURITIES	13	**20,000,000**	20,000,000
PROPERTY AND EQUIPMENT	14	**27,761,167**	27,923,590
INTANGIBLE ASSETS	15	**973,316**	499,294
TOTAL ASSETS		**$1,015,445,131**	$794,626,545

Financial Statements

CENTRAL BANK OF BELIZE

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

LIABILITIES, CAPITAL AND RESERVES	**Notes**	**2013**	2012
DEMAND LIABILITIES:			
Notes and coins in circulation		**$ 262,467,155**	$238,140,570
Deposits by licensed financial institutions	16	**387,873,585**	329,106,259
Deposits by and balances due to Government and Public sector entities in Belize		**261,208,071**	113,648,556
Deposits by international agencies	17	**1,103,976**	1,569,431
Total demand liabilities		**912,652,787**	682,464,816
BALANCES DUE TO CARICOM CENTRAL BANKS		**220,164**	555,676
OTHER LIABILITIES	18	**8,413,727**	11,319,832
LOANS FROM FOREIGN INSTITUTIONS	19	**1,813,868**	9,046,508
IMF SDR ALLOCATIONS	20	**55,123,861**	55,010,352
COMMERCIAL BANKS' DISCOUNT FUND	21	**436,282**	273,915
TOTAL LIABILITIES		**978,660,689**	758,671,099
CAPITAL ACCOUNT:			
Paid - up capital (Authorized capital $10,000,000)		**10,000,000**	10,000,000
REVALUATION ACCOUNT	22	**3,810,406**	3,655,946
ASSET REVALUATION RESERVE	27	**103,431**	103,431
POST EMPLOYMENT OBLIGATION RESERVE	28	**3,341,174**	3,341,174
GENERAL RESERVE	23	**19,529,431**	18,854,895
TOTAL LIABILITIES, CAPITAL AND RESERVES		**$1,015,445,131**	$794,626,545

The notes on pages 70 to 107 are an integral part of these financial statements.

Financial Statements

CENTRAL BANK OF BELIZE

STATEMENTS OF PROFIT
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	Notes	2013	2012
CONTINUING OPERATIONS			
INTEREST INCOME:			
Approved external assets	24	**$ 5,540,365**	$ 3,752,815
Advances to Government of Belize		**5,392,705**	5,569,942
Local securities		**7,204,951**	6,774,222
		18,138,021	16,096,979
Other income:			
Discount on local securities		**5,322**	266,420
Dividends received from equity investments	13	**980,000**	-
Commissions and other income		**3,045,964**	2,509,146
Capital gain on securities investment		**307,469**	-
Total income		**22,476,776**	18,872,545
LESS: Interest expense		**(149,660)**	(244,223)
Income from operations		**22,327,116**	18,628,322
EXPENDITURE:			
Printing of notes and minting of coins		**(1,922,433)**	(2,214,563)
Salaries and wages, including superannuation contribution and gratuities	25	**(8,937,240)**	(8,954,001)
Depreciation and amortization	14, 15	**(908,917)**	(871,964)
Administrative and general expenses	26	**(3,813,166)**	(3,854,459)
Total expenditure		**(15,581,756)**	(15,894,987)
Profit for the year from continuing operations		**$ 6,745,360**	$ 2,733,335
PROFIT FOR THE YEAR TRANSFERABLE TO THE GENERAL RESERVE FUND AND CONSOLIDATED REVENUE FUND		**$ 6,745,360**	$ 2,733,335
Transfer to general reserve fund in accordance with Section 9(1) of the Act	23	**(674,536)**	(273,335)
Balance credited to the Accountant General for the consolidated revenue fund		**$ 6,070,824**	$ 2,460,000
Profit for the year attributable to:			
Owner of the Bank		**$ 6,745,360**	$ 2,733,335
EARNINGS PER SHARE			
From continuing operations:			
Basic and diluted		**$ 6,745,360**	$ 2,733,335

The notes on pages 70 to 107 are an integral part of these financial statements.

Financial Statements

CENTRAL BANK OF BELIZE

STATEMENTS OF OTHER COMPREHENSIVE INCOME
DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

		2013	2012
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**$6,745,360**	$2,733,335
Other comprehensive income (loss):			
Remeasurement of post-employment obligations		-	(707,781)
Additions to artwork		-	1,196
Revaluation of financial assets	22	**154,460**	107,945
Other comprehensive income (loss) for the year		**154,460**	(598,640)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**$6,899,820**	$2,134,695
Total comprehensive income attributable to:			
Owner of the Bank		**$6,899,820**	$2,134,695

The notes on pages 70 to 107 are an integral part of these financial statements.

CENTRAL BANK OF BELIZE

STATEMENTS OF CHANGES IN EQUITY
DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	Paid-up capital	Revaluation account	Asset revaluation reserve	Post-employment obligation reserve	General reserve	Accumulated profits
January 1, 2012	$10,000,000	$3,548,001	$102,235	$4,048,955	$18,581,560	$ -
Comprehensive Income:						
Profit for the year	-	-	-	-	-	2,733,335
Other comprehensive income (loss)	-	107,945	1,196	(707,781)	-	-
Total comprehensive income	-	107,945	1,196	(707,781)	-	2,733,335
Transactions with owners of the Bank recognized directly in equity:						
Transfer to General Reserve Fund	-	-	-	-	273,335	(273,335)
Balance credited to the Accountant for the Consolidated Revenue Fund	-	-	-	-	-	(2,460,000)
Transactions with owners of the Bank	-	-	-	-	273,335	(2,733,335)
December 31, 2012	**10,000,000**	**3,655,946**	**103,431**	**3,341,174**	**18,854,895**	**-**
January 1, 2013	10,000,000	3,655,946	103,431	3,341,174	18,854,895	-
Comprehensive Income:						
Profit for the year	-	-	-	-	-	6,745,360
Other comprehensive income	-	154,460	-	-	-	-
Total comprehensive income	-	154,460	-	-	-	6,745,360
Transactions with owners of the Bank recognized directly in equity:						
Transfer to General Reserve Fund		-	-	-	674,536	(674,536)
Balance credited to the Accountant for the Consolidated Revenue Fund	-	-	-	-	-	(6,070,824)
Transactions with owners of the Bank	**-**	**-**	**-**	**-**	**674,536**	**(6,745,360)**
December 31, 2013	**$10,000,000**	**$3,810,406**	**$ 103,431**	**$3,341,174**	**$19,529,431**	**$ -**

The notes on pages 70 to 107 are an integral part of these financial statements.

Financial Statements

CENTRAL BANK OF BELIZE

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	**$ 6,745,360**	$ 2,733,335
Adjustments to reconcile comprehensive income to net cash provided by operating activities:		
- Amortization and impairment of other assets (Note 12)	**57,815**	141,225
- Depreciation of property and equipment (Note 14)	**743,948**	731,550
- Amortization of intangible asset (Note 15)	**164,969**	140,414
- Gain on disposal of property and equipment	**(1,582)**	(11,177)
Cash provided by operating activities before operating assets and liabilities	**7,710,510**	3,735,347
Changes in operating assets and liabilities:		
Belize Government current account	**4,830,430**	(8,769,205)
Treasury notes – net	**(9,379,000)**	8,290,000
Securities	**(247,685,714)**	31,171,429
Reserve tranche in the International Monetary Fund	**(25,980)**	(13,918)
Other assets	**1,668,848**	(639,740)
Other liabilities	**(2,906,105)**	5,981,197
Revaluation account	**154,460**	107,945
Net cash (used in) provided by operating activities	**(245,632,551)**	39,863,055
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	**(585,764)**	(570,048)
Proceeds from sale of assets	**5,821**	26,000
Acquisition of intangible assets	**(638,991)**	(116,125)
Net cash used in investing activities	**(1,218,934)**	(660,173)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes and coins in circulation	**24,326,585**	27,562,061
Transfer to Consolidated Reserve Fund	**(6,070,824)**	(2,460,000)
Deposits by licensed financial institutions	**58,767,326**	64,405,323
Deposits by and balances due to Government and Public Sector Entities	**147,559,515**	(6,645,263)
Deposits by international agencies	**(465,455)**	295,236
Balances due to Caricom Central Banks	**(335,512)**	130,481
Commercial Bank Discount Fund	**162,367**	162,367
IMF SDR allocations	**113,509**	48,462
IMF Enda facility	**(7,232,640)**	(5,413,713)
Net cash provided by financing activities	**$216,824,871**	$ 78,084,954

Financial Statements

CENTRAL BANK OF BELIZE

STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

	2013	2012
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**$579,792,353**	$462,504,517
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(30,026,614)**	117,287,836
CASH AND CASH EQUIVALENTS, END OF YEAR	**$549,765,739**	$579,792,353
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:		
EXTERNAL ASSETS:		
Balances and deposits with foreign bankers	**$ 3,466,732**	$ 3,488,883
Restricted bank balances	**20,000,000**	20,000,000
Other foreign credit instruments	**438,916,960**	459,694,013
Accrued interest	**2,837,843**	1,303,583
Cash-in-transit	**572,934**	2,422,520
Balance with the International Monetary Fund	**61,655,964**	61,592,742
	527,450,433	548,501,741
LOCAL ASSETS:		
Cash and bank balances	**155,306**	375,612
Current portion of Treasury Notes	**22,160,000**	30,915,000
	22,315,306	31,290,612
	$549,765,739	$579,792,353

The notes on pages 70 to 107 are an integral part of these financial statements.

Financial Statements

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

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 Domestic Banks and Financial Institutions Act, the International Banking Act, the Money Laundering and Terrorism (Prevention) Act, Treasury Bill Act, the Financial Intelligence Unit Act along with associated statutory instruments, Circulars and guidance notes and the Exchange Control Act.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance – The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB and the Central Bank of Belize Act 1982. These and any amendments thereto have been used as a model for the presentation and disclosure framework to provide additional information and analysis of key items in the financial statements.

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

c. Change in accounting policies – The accounting policies adopted are consistent with those used in the previous financial year except that the Bank has adopted the following standards, amendments and interpretations which did not have a significant effect on the financial performance or position of the Bank. Some, however, give rise to additional disclosures or changes to the presentation of the financial statements.

Adoption of New Standards, Amendments and Interpretations Effective from January 1, 2013:

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

IFRS 13 Fair Value Measurement
IFRS 13 provides guidance on how to measure fair value under IFRS when fair value is required or permitted, as well as introducing additional disclosure requirements for:

- Items measured at fair value in the statement of financial position
- Items where fair value is required to be disclosed in the notes to the financial statements.

The guidance provided by IFRS 13 has not had any material effect on the fair value measurements undertaken by the Bank.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 introduce a 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 (e.g., 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) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). In addition, changes to the names of certain financial statements were made.

The amendment had no financial impact on the Bank's financial statements; however changes were made to the presentation of the Statement of Changes in Equity and the name "Statement of Profit and Statement of Other Comprehensive Income" is now being used.

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.

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

The adoption of this standard has not materially affected the financial statements of the Bank since the most recent re-measurement of plan assets were recorded in line with the standard as amended and have been included as a non-recyclable Other Comprehensive Income item.

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.

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 January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. The release of IFRS 9 (2013) on November 19, 2013 contained consequential amendments which bring into effect a substantial overhaul of hedge accounting; it removed the mandatory effective date of IFRS 9 'January 1, 2015' and permits an entity to apply the requirements on the presentation of gains and losses on financial liabilities designated as 'fair value through profit or loss' without applying the other requirements. When all projects are completed an effective date will be added. However, IASB has tentatively decided that the mandatory effective date will be no earlier than annual periods beginning on or after January 1, 2017.

The Bank will quantify the effect of the last two phases when the final standard becomes effective.

IFRS 10, IFRS12 and IAS 27 Amendments to Investment Entities
Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement, additional disclosures on investment entities and requires an in investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated). The amendment is effective for annual periods beginning on or after January 1, 2014.

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

These amendments will have no impact on the financial statements of The Bank since it holds no substantial interest in or control/ power over other entities.

IAS 19 Employee Benefits: Employee Contributions (Amendment).
Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contribution, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The amendment is effective for annual periods beginning on or after January 1, 2014.

The Amendment will be adopted. The impact, if any, is being assessed.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendment to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendment also clarifies 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. The amendment becomes effective for annual periods beginning on or after January 1, 2014.

This amendment is not expected to impact the Banks's financial position or performance.

IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (Amendment)*
Amendment to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment is effective for annual periods beginning on or after January 1, 2014.

The Bank will adopt this amendment when it becomes effective and present requisite disclosures when applicable.

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (Amendment).
Amendment to clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. The amendment is effective for annual periods beginning on or after January 1, 2014.

The Amendment will not have an impact on the Bank's financial statement.

IFRIC 21 – Levies
Provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The amendment is effective for annual periods beginning on or after January 1, 2014.

The Amendment is not expected to have any effect on the Bank's financial statements.

Annual Improvements 2011-2013 Cycle

The following improvements are effective for annual periods beginning on or after January 1, 2014. The below amendments are being assessed for adoption; these are not expected to have any material impact on the Bank's financial performance or financial position.

IFRS 1 First-time Adoption of International Financial Standards
Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).

IFRS 2 Share-based Payment
The improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

IFRS 3 Business Combinations
The amendment requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 3 Joint Arrangements
Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 8 Operating Segments
The amendment requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments; clarify reconciliations of segment assets only required if segment assets are reported regularly.

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Change in accounting policies (Continued) –

IFRS 13 Fair Value Measurement
This improvement clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

Clarify the scope of the portfolio exception for measuring fair value. The exception applies only to financial assets and financial liabilities within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
This improvement clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24 Related Party Disclosures
This improvement clarifies how payments to entities providing management services are to be disclosed.

IAS 40 Investment Property
Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

d. Financial instruments –

Initial recognition and measurement
The Bank initially recognizes financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) on the trade date at which the Bank becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction cost directly attributable to acquisition of the financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

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

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

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

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

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

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

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.

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

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

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

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

A financial asset qualifies for amortised cost measurement only if it meets both of the following conditions:

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

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

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

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

Financial Statements

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

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

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 30 sets out the amount of each class of financial asset that has been designated at amortized cost.

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

Note 30 sets out the amount of the class of financial asset that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset class. Based on statutory requirements some financial assets are measured at fair value through other comprehensive income. See also note 2(m).

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

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

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.

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

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

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

The Bank writes off receivable balances when they are determined to be uncollectible (see note 12).

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

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

Financial Statements

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

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

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

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

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

Note 30 also sets out the reconciliation between financial liability classes and measurement categories.

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

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

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Financial instruments (Continued)

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.

Foreign Marketable Securities
These consist of debentures issued by the Governments of Dominica and bonds issued by the US, Sweden, 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.

Advances to Government
Advances to Government represent direct provisional advances 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.

Financial Statements

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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.

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Impairment of non-financial assets –

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. The recoverable amount of the non-life insurance cash generating unit is determined based on a value–in-use calculation. The calculation requires the Bank to make an estimate of the expected future cash flows and discount these amounts using a suitable rate which reflects the risk of those cash flows in order to calculate the present value of those cash flows. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

k. Employee benefits –

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

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

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Employee benefits (continued) –

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 one week severance after five years and two weeks' severance after ten years by the Labour (Amendment) Act on May 5, 2011) in addition to retirement benefits in accordance with the Central Bank of Belize Pension Scheme Trust Deed and Rules.

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

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

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

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

Revaluation
Section 50 of the Central Bank of Belize Act 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.

Financial Statements

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

3. CENTRAL BANK OF BELIZE ACT SECTION 25 COMPLIANCE

Section 25 of the Act stipulates that:

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

   Management has developed internal controls to ensure compliance with the law. As at December 31, 2013, the Bank was in compliance as the value of total assets was $1,015,445,131 (2012: $794,626,544) while the value of notes and coins in circulation was $262,467,155 (2012: $238,140,570).

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

   Management has developed internal controls to ensure compliance with the law. At December 31, 2013 and 2012 total approved external assets approximated 88 percent and 85 percent of such liabilities respectively.

4. SIGNIFICANT NON-CASH TRANSACTIONS

During the year, the Bank experienced revaluation gains of $154,460 (2012 - $107,945) on its foreign currency balances and IMF funds.

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CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

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, 2013, 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 20,018,170 respectively. The Reserve Tranche which earns interest is included in approved external assets in the financial statements at the exchange rate of BZ$3.08 to SDR 1.0 at December 31, 2013 (2012 - BZD$3.073840 to SDR 1.0).

7. OTHER FOREIGN CREDIT INSTRUMENTS

	2013	2012
At December 31, these instruments comprised:		
Bank of America (Fixed deposit)	**$ 60,147,153**	$106,393,011
Commerzbank (Fixed deposit)	**48,499,010**	28,407,983
Crown Agents Financial Services (Fixed deposit)	**86,421,667**	77,165,697
Barclays Bank PLC (Fixed deposit)	**182,956,985**	113,277,211
Citibank N.A. New York (Fixed deposit)	**16,000,000**	28,010,111
Federal Reserve Bank of New York (Overnight deposit)	**33,200,000**	103,400,000
Bank of America (Overnight deposit)	**1,020,000**	1,040,000
Citibank N.A. New York (Overnight deposit)	**200,000**	2,000,000
Morgan Stanley Smith Barney, LLC (Overnight Deposits)	**10,472,145**	-
	$438,916,960	$459,694,013

8. ACCRUED INTEREST AND CASH-IN-TRANSIT

	2013	2012
Accrued interest	**$2,837,843**	$1,303,583
Cash-in-transit	**572,934**	2,422,520
	$3,410,777	$3,726,103

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CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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9. MARKETABLE SECURITIES ISSUED OR GUARANTEED BY FOREIGN GOVERNMENT AND FOREIGN FINANCIAL INSTITUTIONS

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

	Maturity Date	2013	2012
0.625% US Treasury Notes	2023	**$35,000,000**	$ -
1.375% US Treasury Notes	2018	**85,000,000**	-
2.0% US Treasury Notes	2020	**50,000,000**	-
0.625% US Treasury Notes	2016	**20,000,000**	-
3.5% Government of Dominica Debenture	2034	**2,000,000**	2,000,000
7.8% Government of Barbados	2019	**6,857,143**	8,000,000
6.75% Government of Barbados	2014	**878,571**	2,050,000
2.125% International Bank for Reconstruction and Development Bonds	2016	**4,000,000**	4,000,000
2.83% International Bank for Reconstruction and Development Bonds	2028	**30,000,000**	-
2.95% Swedish Export Credit Corporation	2028	**30,000,000**	-
		$263,735,714	$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:

	2013	2012
Treasury Notes	**$88,421,000**	$87,797,000
Belize Defence Bonds	**10,000,000**	10,000,000
	$98,421,000	$97,797,000

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

	2013	2012
Due within 1 year	**$22,160,000**	$30,915,000
Due within 1 year through 5 years	**46,686,000**	37,288,000
Due within 5 years through 10 years	**29,575,000**	29,594,000
	$98,421,000	$97,797,000

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, 2013 and 2012 the Bank's aggregate holding of Belize Government securities approximated 3.33 times and 3.39 times, respectively, the amount of paid up capital and general reserves of the Bank. Government securities are held at fair value.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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11. BELIZE GOVERNMENT CURRENT ACCOUNT

The Central Bank of Belize (Amendment) Act 2010 section 4 specifies that such advances shall not exceed 8 ½% of the current revenues of the Government collected during the preceding financial year. At December 31, 2013, the Bank was in compliance since advances to the Government of Belize totaled $49,059,430 which is 71% of $68,987,982 which represents 8 ½% of the Government's revenues collected during April 1, 2012 and March 31, 2013. (2012 - $53,889,859 being 80% of $67,547,722)

12. OTHER ASSETS

	2013	2012
Other assets consist of:		
Bond premium	**$ 201,115**	$ 65,826
Education bond receivable	**123,042**	168,368
Inventory of circulation notes and coins	**4,087,302**	6,005,987
Prepayments and accrued interest	**1,288,134**	1,217,862
Special coins inventory	**1,150,590**	1,156,497
Staff loans receivable	**4,194,901**	4,153,701
Accounts receivable	**160,630**	108,010
Museum endowment fund	**578,150**	578,150
Other	**787,196**	802,440
	12,571,060	14,256,841
Less impairment for doubtful receivables and amortization of museum endowment fund:	**(1,013,677)**	(972,795)
	$11,557,383	$13,284,046

	2013	2012
Impairment for doubtful receivables and amortization:		
Beginning balance, January 1	**$ 972,795**	$ 831,570
Additional impairment and amortization	**57,815**	141,225
Write-offs	**(16,933)**	-
Ending balance, December 31	**$ 1,013,677**	$ 972,795

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.

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CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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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 not to dispose of the shares for at least four years after the date of purchase under a "Share Purchase" agreement. Thereafter the Bank can dispose of the shares at the rate of one million shares per annum. If the Bank chooses to sell the shares, it shall offer the Government of Belize the right of the first refusal and the right to object to any buyer before concluding the sale of any of the shares.

14. PROPERTY AND EQUIPMENT

Cost	**Property**	**Furniture**	**Equipment**	**Vehicles**	**Work in Progress**	**Total**
Balance at, January 1, 2013	$30,438,215	$1,369,415	$6,620,374	$519,428	$ -	$38,947,432
Additions	-	56,804	369,260	-	159,700	585,764
Disposals	-	(3,885)	(150,785)	-	-	(154,670)
Balance at, December 31, 2013	30,438,215	1,422,334	6,838,849	519,428	159,700	39,378,526
Accumulated depreciation						
Balance at January 1, 2013	3,953,135	1,127,750	5,661,632	281,325	-	11,023,842
Depreciation charge for the year	280,626	44,004	347,997	71,321	-	743,948
Disposal	-	(3,879)	(146,552)	-	-	(150,431)
Balance at, December 31, 2013	4,233,761	1,167,875	5,863,077	352,646	-	11,617,359
Net book value						
December 31, 2013	**$26,204,454**	**$ 254,459**	**$ 975,772**	**$166,782**	**$159,700**	**$27,761,167**
December 31, 2012	$26,485,080	$ 241,665	$ 958,742	$238,103	$ -	$27,923,590

15. INTANGIBLE ASSETS

Cost	**2013**	2012
Balance at, January 1	**$ 674,278**	$558,153
Additions	**638,991**	116,125
Balance at, December 31	**1,313,269**	674,278
Accumulated Amortization		
Balance at January 1	**174,984**	34,570
Amortization charge for the year	**164,969**	140,414
Balance at, December 31	**339,953**	174,984
Net Book Value	**$ 973,316**	$499,294

Intangible assets primarily comprise computer software and related costs.

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CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

16. DEPOSITS BY LICENSED FINANCIAL INSTITUTIONS

Under the revised provisions of Section 39 of the Domestic Banks and Financial Institutions Act 2012, 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:

	2013	2012
Caribbean Development Bank	**$ 29,430**	$ 350,909
International Monetary Fund	**147,631**	147,335
Inter-American Development Bank	**897,175**	897,175
Int'l Bank for Reconstruction & Development	**29,740**	29,740
EU Banana Support Escrow	**-**	144,272
	$1,103,976	$1,569,431

18. OTHER LIABILITIES

	2013	2012
Severance and gratuities	**$1,602,897**	$ 1,437,636
Other staff costs payable	**662,437**	588,655
Abandoned property	**2,136,760**	973,119
License international financial institutions*	**1,600,000**	1,600,000
Belize City Municipal Bonds	**178,000**	5,500,000
Deferred income	**583,545**	765,599
Accounts payable	**680,018**	357,610
Unclaimed balances of Belize Unit Trust	**49,056**	79,728
Bond discount	**921,014**	17,485
	$8,413,727	$11,319,832

*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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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19. LOANS FROM FOREIGN INSTITUTIONS

	2013	2012
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, 2013, the loan was revalued at SDR 3.0800 to BZD $1.00 (2012 - SDR 3.073840 to BZD $1.00).	**$1,809,500**	$9,029,405
Interest payable on the facility	**4,368**	17,103
	$1,813,868	$9,046,508

20. IMF SDR ALLOCATIONS

	2013	2012
A general allocation of Special Drawing Rights (SDRs) equivalent to approximately USD $250 billion became effective on August 28, 2009. The allocation is designed to provide liquidity to the global economic system by supplementing the Fund's member countries' foreign exchange reserves. The general SDR allocation was made to IMF members that are participants in the Special Drawing Rights Department (currently all 186 members) in proportion to their existing quotas in the Fund, which are based broadly on their relative size in the global economy. The Quota for the country of Belize is SDR 18,800,000 million. Based on this quota, the Bank received allocations of SDR 17,890,000. At December 31, 2013, the SDR's were revalued at SDR 3.0800 to BZD $1.00 (2012 - 3.073840 to BZD $1.00).	**$55,114,305**	$55,004,077
Interest payable on the facility	**9,556**	6,275
	$55,123,861	$55,010,352

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CENTRAL BANK OF BELIZE

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

	2013	2012
Loans receivable from institution	**$(1,125,613)**	$(1,263,397)
Interest paid to USAID	**(2,311,316)**	(2,311,316)
Interest received from institution	**3,873,211**	3,848,628
	$ 436,282	$ 273,915

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 gains or losses are carried to a special account called Revaluation Account through other comprehensive income.

	2013	2012
Balance at beginning of year	**$3,655,946**	$3,548,001
Prior year exchange gains	**(1,511,696)**	(1,403,751)
Current year exchange gains	**(1,666,156)**	(1,511,696)
Gains from revaluation	**(154,460)**	(107,945)
Balance at end of year	**$3,810,406**	$3,655,946

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CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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23. GENERAL RESERVE FUND

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

	2013	2012
Balance at beginning of year	**$18,854,895**	$18,581,560
Transfer from net profit	**674,536**	273,335
Balance at end of year	**$19,529,431**	$18,854,895

24. INTEREST ON APPROVED EXTERNAL ASSETS

	2013	2012
Interest earned on overnight deposits	**$ 87,169**	$ 149,694
Interest earned on marketable securities	**2,877,954**	1,197,931
Interest earned on balances and deposits with foreign bankers	**2,575,242**	2,405,190
	$5,540,365	$3,752,815

25. SALARIES AND WAGES, INCLUDING SUPERANNUATION CONTRIBUTION AND GRATUITIES

Expense recognized for employee benefits is analyzed below:

	2013	2012
Salaries and wages	**$8,436,302**	$8,466,670
Social security costs	**139,452**	139,800
Pensions - defined benefit plan	**361,486**	347,531
Employee benefits expense	**$8,937,240**	$8,954,001

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26. ADMINISTRATIVE AND GENERAL EXPENSES

	2013	2012
Advertising	**$ 55,166**	$ 50,855
Audit fees	**59,625**	67,388
Amortization and impairment of other assets	**57,815**	141,225
Bank charges	**35,881**	34,679
Bank publications	**18,535**	33,374
Books and publication	**52,462**	31,103
Building repairs and maintenance	**495,056**	500,401
Cash shipment	**4,615**	5,000
Computer software license	**275,256**	239,288
Conference	**244,943**	54,747
Directors' fees	**31,500**	29,700
Donations	**41,529**	36,781
Entertainment	**13,297**	12,606
Equipment maintenance	**25,741**	16,285
Firearm license and ammunition	**8,870**	8,553
Freight charges	**24,246**	18,219
Hurricane preparedness	**994**	3,238
Insurance expense	**127,860**	128,854
Legal fees	**108,744**	360,910
Membership fees	**90,373**	106,285
Motor vehicle	**66,548**	58,325
Other miscellaneous expense	**255,158**	465,775
Overseas meeting and conferences	**109,332**	180,307
Professional services and technical support	**290,376**	115,920
Small equipment purchases	**31,008**	21,099
Subscriptions	**50,639**	20,961
Supplies	**240,477**	241,605
Surveys	**23,366**	28,450
Travel (local)	**15,163**	14,393
Utilities expense	**958,591**	828,133
	$3,813,166	$3,854,459

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.

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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.

During the year under review, the Bank contributed $361,486 (2012 - $347,531) to the scheme.

An asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized remeasurements and past service costs. The defined benefit obligation is calculated by independent actuaries a minimum of once every three years using the projected unit cost method. Remeasurements are recognised in full in the year in which they occur within other comprehensive income. Last remeasurement was recorded at December 31, 2012.

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

Significant actuarial assumptions used in the valuation were:

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

The bank has not performed any actuarial valuations on its defined benefit pension scheme during the year ended December 31, 2013. The next valuation is scheduled for 2015.

PENSION (ASSET) LIABILITY

	Pension Plan 2012	Post-retirement Medical Benefits	Total
Present value of the obligation	$10,632,000	$1,940,000	$12,572,000
Unrecognized remeasurements	(3,341,174)	(117,707)	(3,458,881)
Fair value of plan assets	(13,923,770)	-	(13,923,770)
Net (asset) / liability recognized in statement of financial position	$ (6,632,944)	$1,822,293	$ (4,810,651)

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CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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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 remeasurements and past service cost, and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

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

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

Post-retirement Medical Benefit:

The Bank provides post-retirement medical benefits to its retirees. The entitlement to these benefits is available to employees who retire at normal retirement age (NRA) and to those who opt for early retirement. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued every three years by an independent qualified actuary. Last valuation was recognized at December 31, 2012.

Liability to be recognized in the Statement of Financial Position:

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

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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 entities and key management. All transactions are carried out with reference to market criteria.

Transactions with the Government include:

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

Transactions with the Government during the year are quantified below:

	Social Security Board	Development Finance Corporation	SSB Mortgage Securitization Proceeds	DFC Mortgage Securitization Proceeds	Financial Intelligence Unit	Belize Tourism Board	BTB/STP	SSB Deposit Account	GOB Current Acct.
Opening Balances	$ (18,026)	$(4,604,612)	$(214,619)	$(5,447)	$ (304,849)	$(1,141,282)	$ (300,420)	$(1,118)	$ 53,889,860
Deposits	1,203,561	13,279,629	855,612	-	1,339,839	9,147,087	6,476,114	-	1,353,267,880
Disbursements	(1,186,712)	(10,594,203)	(855,597)	-	(1,386,488)	(8,890,774)	(6,184,175)	-	(1,358,098,310)
Closing Balances	$ (1,177)	$(1,919,186)	$(214,604)	$(5,447)	$ (351,498)	$ (884,969)	$ (8,481)	$(1,118)	$ 49,059,430

Key management personnel

The following information is presented only in respect of those employees of the Bank who would be considered as key management personnel, as defined under IAS 24 (Related Party Disclosures). This comprises the Governor and Deputy Governors, other members of the Board, and Departmental Directors. At December 31, 2013 and 2012, the number of key management personnel was 16 (2012 - 19).

Transactions with key management personnel:

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

Benefits

	2013	2012
Short-term benefits	**$1,855,449**	$1,386,553
Post-employment benefits	**42,100**	42,064
Termination benefits	**391,493**	323,066
	$2,289,042	$1,751,683

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29. RELATED PARTY TRANSACTIONS (Continued)

b. Loans and advances to directors and key management:

Loans and advances
As at December 31, 2013 an amount of $439,479 (2012 - $438,660) was receivable from key managerial personnel as approved advances made by the Bank. No impairment has been recognized in respect of loans given to related parties.

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

30. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortized cost. The principle accounting policies on Note 2d describe how financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized. The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

At December 31, 2013	Financial assets at fair value through profit or loss	Financial assets at amortized costs	Financial assets at fair value through other comprehensive income	Total
Assets:				
Balances and deposits with foreign bankers	$ -	$ 2,300,030	$1,166,702	$ 3,466,732
Bank balance with foreign banker – restricted	-	-	20,000,000	20,000,000
Reserve Tranche and balances with the International Monetary Fund	-	-	74,646,172	74,646,172
BALANCES WITH LOCAL BANKERS AND CASH ON HAND	-	155,306	-	155,306
Other foreign credit instruments – unrestricted	-	438,916,960	-	438,916,960
Marketable securities issued or guaranteed by foreign government and international institutions	-	263,735,714	-	263,735,714
INVESTMENT	20,000,000	-	-	20,000,000
BELIZE GOVERNMENT CURRENT ACCOUNT	-	49,059,430	-	49,059,430
PENSION ASSET	-	-	3,341,174	3,341,174
Accrued interest and cash transit	-	3,410,777	-	3,410,777
BELIZE GOVERNMENT SECURITIES	-	98,421,000	-	98,421,000
Total financial assets	**$20,000,000**	**$855,999,217**	**$99,154,048**	**$975,153,265**

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

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

At December 31, 2013	Financial liabilities at amortized costs	Financial liabilities at fair value through other comprehensive income	Total
Liabilities:			
Notes and coins in circulation	$262,467,155	$ -	$262,467,155
Deposits by licensed financial institutions	387,873,585	-	387,873,585
Deposits by and balances due to Government and public sector entities in Belize	261,208,071	-	261,208,071
Deposits by international agencies	1,103,976	-	1,103,976
BALANCES DUE TO CARICOM CENTRAL BANKS	220,164	-	220,164
COMMERCIAL BANK DISCOUNT FUND	436,282	-	436,282
OTHER LIABILITIES	8,413,727	-	8,413,727
LOANS FROM FOREIGN INSTITUTIONS	-	1,813,868	1,813,868
IMF SDR ALLOCATIONS	-	55,123,861	55,123,861
Total financial liabilities	**$921,722,960**	**$56,937,729**	**$978,660,689**

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

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

At December 31, 2012	Financial assets at fair value through profit or loss	Financial assets at amortized costs	Financial assets at fair value through other comprehensive income	Total
Assets:				
Balances and deposits with foreign bankers	$ -	$ 2,469,169	$ 1,019,714	$ 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	**$20,000,000**	**$634,001,757**	**$98,917,858**	**$752,919,615**

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

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

At December 31, 2012	Financial liabilities at amortized costs	Financial liabilities 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	**$694,614,239**	**$64,056,860**	**$758,671,099**

Financial Statements

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

31. FINANCIAL RISK MANAGEMENT

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

In providing liquidity via the Bank's operation of wholesale payment systems, credit risk is mitigated by dealing with counterparties that meet appropriate credit and functional criteria, and by ensuring that Cash Reserves and Liquid Asset Requirements for licensed financial institutions are met. In addition, credit risk on the securities held by the Bank is managed by holding only high-quality securities, issued chiefly by governments, government agencies and supranational organizations. The following tables break down the Bank's main credit exposure at their carrying amounts, as categorized by geographical regions as of December 31, 2013. 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	$ 904,918	$67,623	$ 2,087,624	$ 260,891	**$ 3,321,056**
Overnight Deposits	64,872,145	-	-	-	**64,872,145**
Fixed Deposits	259,104,138	-	86,421,667	48,499,010	**394,024,815**
Total Exposure	**$324,881,201**	**$67,623**	**$88,509,291**	**$48,759,901**	**$462,218,016**

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

31. FINANCIAL RISK MANAGEMENT (Continued)

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

Foreign Assets :	Average rate of return **2013**	Average rate of return 2012
Depository Accounts & Money at Call	0.0248%	0.7268%
Overnight Deposits	0.0194%	0.0291%
Fixed Deposits	0.5274%	0.7830%
Notes/Bonds	2.1231%	1.9050%
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, 2013:

	FOREIGN CURRENCY	YEAR-END RATE	BELIZE DOLLAR VALUE
Euro Fund	$ (235,408)	$2.75580	$ (648,737)
Canadian Fund	(60,058)	1.88140	(112,993)
SDR Fund	(5,704,064)	3.08000	(17,568,517)
USD Fund	(362,028,534)	2.00000	(724,057,068)
Sterling Fund	(141,957)	3.30700	(469,452)
BZ$ Fund	741,190,611	1.00000	741,190,611
Current Year Revaluation Gains			**$ (1,666,156)**

	BELIZE DOLLAR VALUE
Revaluation balance, January 1	**$3,655,946**
Prior Year Revaluation Gains	(1,511,696)
Current Year Revaluation Gains	(1,666,156)
Increase in revaluation gains	**154,460**
Revaluation balance, December 31	**$3,810,406**

Financial Statements

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

31. FINANCIAL RISK MANAGEMENT (Continued)

Schedule B
Outline of other Local and Foreign Investments

Securities	**Local**	**Foreign**			
	GOB	**Barbados**	**Dominica**	**IBRD/SEK**	**Federal Bank of New York**
Treasury Notes	$88,421,000	$ -	$ -	$ -	$ -
Bonds	10,000,000	7,735,714	-	64,000,000	190,000,000
Debentures	-	-	2,000,000	-	-
Total Exposure	**$98,421,000**	**$7,735,714**	**$2,000,000**	**$64,000,000**	**190,000,000**

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

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

These disclosures have been reflected as follows for staff loans amounting to $4,194,901.

	Principal outstanding December 31, 2013	**Collateral**	
Loan type		**Appraised value**	**Stamped value**
Mortgage loans	$2,946,495	$5,760,194	$3,586,750
Consumer loans	1,248,406	-	-
	$4,194,901	**$5,760,194**	**$3,586,750**

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

Market and interest rate risk

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

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2013 AND 2012 (IN BELIZE DOLLARS)

31. FINANCIAL RISK MANAGEMENT (Continued)

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

Asset Type	1 Month $	1-3 Months $	3-6 Months $	6-12 Months $	1-5 Years $	Over 5 Years $
Balances with local bankers and cash on hand	155,306	-	-	-	-	-
Depository Accounts & Money at Call	3,466,732	-	-	-	-	-
Fixed Deposits	100,613,697	122,505,820	20,000,000	150,905,298	-	-
Overnight Deposits	64,892,145	-	-	-	-	-
Treasury Notes	-	3,000,000	-	19,160,000	226,686,000	29,575,000
Bonds	-	-	-	878,572	70,857,143	10,000,000
Debentures	-	-	-	-	-	2,000,000
Investment in Associate	-	-	-	-	-	20,000,000
	169,127,880	**125,505,820**	**20,000,000**	**170,943,870**	**297,543,143**	**61,575,000**

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.

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Statistical Appendix

Statistical Appendix

Table A.1: Major Economic Indicators

	2006	2007	2008	2009	2010	2011	2012	2013
POPULATION AND EMPLOYMENT								
Population (Thousands)	299.8	309.8	322.1	333.2	323.4	332.1	338.9	347.8
Employed Labour Force (Thousands)	102.2	111.8	114.5	120.5	100.7	n.a	126.7	131.4
Unemployment Rate (%)[1]	9.4	8.5	8.2	13.1	23.3	n.a	14.4	11.7
INCOME								
GDP at Current Market Prices ($mn)	2,434.9	2,581.1	2,739.2	2,677.0	2,796.7	2,977.8	3,145.2	3,230.7
Per Capita GDP ($, Current Market Prices)	8,122.8	8,332.7	8,504.2	8,034.3	8,647.9	8,966.5	9,279.6	9,288.3
Per Capita Growth (%)	5.6	2.6	2.1	-5.5	7.6	3.7	3.5	0.1
Real GDP Growth (%)	4.7	1.2	3.8	0.3	3.1	2.1	4.0	0.7
Sectoral Distribution of Constant 2000 GDP (%)								
Primary Activities	15.8	12.4	13.1	13.4	13.9	13.0	13.4	13.1
Secondary Activities	17.9	18.1	18.6	21.5	20.0	19.1	17.5	16.5
Services	57.5	60.4	58.9	59.5	53.4	54.1	54.6	55.3
MONEY AND PRICES ($mn)								
Inflation (Annual Average Percentage Change)	4.2	2.3	6.4	-1.1	0.9	1.5	1.3	0.5
Currency and Demand Deposits (M1)	617.9	704.4	706.2	713.3	707.9	839.4	1,102.9	1,121.9
Quasi-Money (Savings and Time deposits)	887.1	1,031.7	1,260.4	1,379.9	1,377.1	1,361.9	1,340.7	1,354.7
Annual Change of Money Supply (%)	13.0	15.4	13.3	6.4	-0.4	5.6	11.0	1.4
Ratio of M2 to GDP (%)	62.0	67.3	71.8	78.2	74.6	73.9	77.7	76.7
CREDIT ($mn)								
Commercial Bank Loans and Advances	1,390.5	1,599.6	1,742.4	1,805.4	1,762.0	1,757.7	1,802.4	1,855.6
Public Sector	48.7	40.7	19.1	10.2	8.9	5.4	11.3	19.4
Private Sector	1,341.8	1,558.8	1,723.2	1,795.3	1,753.1	1,752.3	1,791.1	1,836.2
INTEREST RATE (%)								
Weighted Average Lending Rate	14.2	14.3	14.1	14.0	13.8	12.9	11.9	11.1
Weighted Average Deposit Rate	5.8	6.0	6.4	6.1	5.6	3.7	2.6	2.2
Weighted Average Interest Rate Spread	8.5	8.3	7.8	7.9	8.2	9.3	9.3	9.0
CENTRAL GOVERNMENT FINANCES ($mn)								
Current Revenue	566.0	651.5	729.4	653.9	753.8	787.0	825.6	851.7
Current Expenditure	550.8	636.1	617.9	661.8	682.7	717.4	740.8	751.1
Current Account Surplus(+)/Deficit(-)	15.2	15.3	111.5	-7.9	71.0	69.6	84.8	100.6
Capital Expenditure	97.1	160.4	141.6	113.3	133.1	121.7	161.9	168.2
Overall Surplus(+)/Deficit(-)	-46.7	-30.8	41.2	-76.3	-46.3	-22.9	-25.1	-34.3
Ratio of Budget Deficit to GDP at Market Prices (%)	-1.9	-1.2	1.5	-2.9	-1.7	-0.8	-0.8	-1.1
Domestic Financing (Net)[2]	-8.9	19.3	-23.3	20.1	45.7	13.1	16.6	-148.0
External Financing (Net)	56.0	-0.8	-3.3	60.5	7.1	17.8	15.5	183.9

Statistical Appendix *continued*

Table A.1: Major Economic Indicators continued

	2006	2007	2008	2009	2010	2011	2012	2013
BALANCE OF PAYMENTS (US $mn)								
Merchandise Exports (FOB)[3]	427.1	425.6	480.1	383.6	478.4	603.7	621.6	608.6
Merchandise Imports (FOB)	611.9	642.0	788.2	620.5	647.2	774.6	818.1	875.9
Trade Balance	-184.8	-216.4	-308.2	-236.9	-168.9	-170.9	-196.6	-267.3
Remittances (Inflows)	57.8	70.8	74.1	76.2	76.1	73.0	73.6	72.2
Tourism (Inflows)	254.7	283.6	272.6	237.8	244.9	248.5	299.0	351.0
Services (Net)	223.7	229.9	216.9	182.7	175.5	168.4	221.3	240.3
Current Account Balance	-16.2	-52.1	-144.9	-60.2	-40.1	-16.9	-19.7	-72.1
Capital and Financial Flows	-60.0	-115.5	-196.4	-102.4	-21.6	4.8	-45.1	-96.7
Gross Change in Official International Reserves	49.8	22.9	57.9	47.2	4.3	18.1	52.8	113.8
Gross Official International Reserves[4]	85.6	108.5	166.4	213.7	218.0	236.1	288.9	402.7
Monthly Import Coverage	1.5	1.8	2.3	3.7	3.6	3.3	3.8	5.0
Monthly Import Coverage Net of CFZ Imports	1.8	2.3	2.8	4.2	4.5	4.3	4.6	6.0
PUBLIC SECTOR DEBT								
Disbursed Outstanding External Debt (US $mn)	985.7	972.7	956.6	1,015.6	1,011.1	1,021.9	1,013.7	1,081.5
Ratio of Outstanding Debt to GDP at Market Prices (%)	81.0	75.4	69.8	75.9	72.3	68.6	64.5	66.9
External Debt Service Payments (US $mn)	134.3	133.4	96.9	81.2	76.6	81.4	79.0	62.0
External Debt Service Ratio (%)[5]	17.0	16.2	11.2	11.3	9.3	8.6	7.7	5.9
Disbursed Outstanding Domestic Debt ($mn)	299.9	321.9	332.8	320.2	367.8	381.2	389.9	385.2
Domestic Debt Service Payments ($mn)	27.5	30.4	47.7	39.1	40.1	20.5	20.3	20.0

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 of $47.5mn (2010) and $28.0mn (2011) that make up part of domestic sources.

[3] Includes CFZ gross sales.

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

[5] Excludes refinancing of the restructuring amount of US$541.0mn in 2007, US$0.8mn in 2008 and US$1.0mn in 2009. 2013 excludes 10% haircut on the restructuring of bond.

n.a. not available

Statistical Appendix *continued*

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

Country	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)	
	2012	2013	2012	2013	2012	2013
Advanced Economies	1.4	1.3	2.0	1.4		
United States	2.8	1.9	2.1	1.5	7.9	6.7
Euro Area	-0.7	-0.5	2.5	1.3	11.8	12.1
United Kingdom	0.3	1.8	2.7	2.6	7.8	7.6
Canada	1.7	2.0	1.5	1.0	7.1	7.1
Japan	1.4	1.5	0.0	0.4	4.1	4.0
Emerging and Developing Economies	5.0	4.7	6.0	5.8		
China	7.7	7.7	2.6	2.6	4.1	4.1
India	4.7	4.4	9.7	10.1	9.8	8.8
Mexico	3.9	1.1	3.6	4.0	4.5	4.3
Brazil	1.0	2.3	5.8	5.9	5.5	5.4

Source: IMF

Table A.3: Key Indicators for Central America

Country	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)		International Reserves (US $bn)	
	2012R	2013P	2012R	2013P	2012R	2013P	2012R	2013P
Guatemala	3.0	3.5	3.4	4.4	2.9	3.2	6.7	6.7
Honduras	3.9	2.6	5.4	4.9	3.6	3.9	2.6	2.5
El Salvador	1.9	2.0	0.8	2.3	5.6	5.7	3.2	2.7
Nicaragua	5.2	4.6	6.6	5.7	5.7	5.3	1.9	2.0
Costa Rica	5.1	3.5	4.6	3.7	9.8	8.3	6.9	7.4
Panama	10.2	8.4	4.6	4.0	4.1	4.1	2.4	2.4

Sources: ECLAC and IMF
R - Revised
P - Provisional
n.a. - not available

Statistical Appendix *continued*

Table A.4: Key Indicators for Selected Caribbean Countries

Country	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)		International Reserves (US $mn)	
	2012	2013	2012	2013	2012	2013	2012	2013
Bahamas	1.8	1.9	2.3	0.8	14.0	16.2	757	800
Barbados	0.2	-0.7	4.4	4.0	11.2	11.2	751	1000
Belize	4.0	0.7	1.3	0.5	16.1	14.2	288	409
Guyana	4.8	4.8	3.4	3.5	n.a	n.a.	827	n.a.
Jamaica	-0.2	0.5	7.2	9.0	13.7	15.9	1990	1000
Trinidad and Tobago	1.0	1.5	7.7	6.5	5.4	n.a.	9326	9300

Sources: CBB, Central Bank of Trinidad & Tobago, IMF and Scotiabank
n.a. - not available

Table A.5: List of Banks and Other Financial Insitutions

Domestic Banks	International Banks	Financial Institutions
Atlantic Bank Limited	Atlantic International Bank Limited	MicRoe Finance Company Ltd.
Belize Bank Limited	Belize Bank International Limited	
FirstCaribbean International Bank (Barbados) Limited	Caye International Bank Limited	
Heritage Bank Limited	Choice Bank Limited	
National Bank of Belize Limited	Handels Bank & Trust Company Limited	
Scotiabank (Belize) Limited	Heritage International Bank & Trust Limited	
	Market Street Bank Limited	

Statistical Appendix *continued*

Table A.6: List of Credit Unions

Belize Credit Union League	Holy Redeemer Credit Union Limiuted[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 & Workers Credit Union Limited	Mount Carmel Credit Union Limited	Toledo Teachers Credit Union Limited
Civil Service Credit Union Limited	Police 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.7: Credit Unions Capital

Capital Adequacy	Dec 2008	Dec 2009	Dec 2010	Dec 2011	Dec 2012	Dec 2013
Total Capital/Deposits	54.2%	22.6%	24.2%	23.5%	23.1%	23.1%
Total Capital/Total Assets	34.9%	18.3%	19.4%	19.0%	18.7%	18.6%
Institutional Capital/Total Assets	8.7%	11.1%	11.3%	11.2%	11.8%	11.8%
Total Capital (Millions)	$146.09	$84.0	$98.8	$106.2	$115.8	$127.0

Statistical Appendix *continued*

Table A.8: Determinants of Money Supply

$mn

	Position as at			Changes During 2013
	Dec 2011	Dec 2012	Dec 2013	
Net Foreign Assets	752.4	948.1	1,083.5	135.3
Central Bank	498.5	592.4	820.0	227.6
Commercial Bank	253.9	355.7	263.5	-92.3
Net Domestic Credit	1,915.3	1,973.0	1,876.4	-96.5
Central Government (Net)	157.6	170.6	20.8	-149.7
Other Public Sector	5.4	11.3	19.4	8.1
Private Sector	1,752.3	1,791.1	1,836.2	45.1
Central Bank Foreign Liabilities (Long-Term)	69.4	64.0	56.9	-7.1
Other Items (Net)	397.0	413.5	426.4	12.8
Money Supply (M2)	2,201.3	2,443.6	2,476.6	33.1

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

Table A.9: Money Supply

$mn

	Position as at			Changes During 2013
	Dec 2011	Dec 2012	Dec 2013	
Money Supply (M2)	2,201.3	2,443.6	2,476.6	33.1
Money Supply (M1)	839.4	1,102.9	1,121.9	19.1
Currency with the Public	171.3	193.1	211.7	18.7
Demand Deposits	456.4	709.3	751.5	42.2
Savings/Chequing Deposits	211.7	200.5	158.7	-41.8
Quasi-Money	1,361.9	1,340.7	1,354.7	14.0
Savings Deposits	271.0	323.0	410.8	87.8
Time Deposits	1,090.9	1,017.7	943.9	-73.8

Statistical Appendix *continued*

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

$mn

	Position as at			Changes During 2013
	Dec 2011	Dec 2012	Dec 2013	
Net Foreign Assets	752.4	948.1	1083.5	135.3
Central Bank	498.5	592.4	820.0	227.6
Foreign Assets	500.2	594.5	821.3	226.8
Foreign Liabilities (Demand)	1.7	2.1	1.3	-0.8
Commercial Banks	253.9	355.7	263.5	-92.3
Foreign Assets	274.4	362.9	290.8	-72.1
Foreign Liabilities (Short-Term)	20.5	7.2	27.3	20.2

Table A.11: Net Domestic Credit

$mn

	Position as at			Changes During 2013
	Dec 2011	Dec 2012	Dec 2013	
Total Credit to Central Government	327.4	333.4	327.1	-6.3
From Central Bank	162.7	154.1	153.5	-0.6
From Commercial Banks	164.7	179.3	173.6	-5.7
Less Central Government Deposits	169.8	162.8	306.3	143.4
Net Credit to Central Government	157.6	170.6	20.8	-149.7
Plus Credit to Other Public Sector	5.4	11.3	19.4	8.1
Plus Credit to the Private Sector	1,752.3	1,791.1	1,836.2	45.1
Net Domestic Credit of the Banking System	1,915.3	1,973.0	1,876.4	-96.5

Statistical Appendix *continued*

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

$mn

	Position as at			Changes Dec 2012 to Dec 2013
	Dec 2011	Dec 2012	Dec 2013	
PRIMARY SECTOR	191.3	182.1	198.4	16.3
Agriculture	134.1	124.7	152.5	27.8
Sugar	13.4	13.5	15.4	1.9
Citrus	17.2	16.6	23.3	6.7
Bananas	78.2	69.5	68.7	-0.8
Other	25.3	25.1	45.1	20.0
Marine Products	35.3	35.4	24.1	-11.3
Forestry	1.6	1.2	1.6	0.4
Mining and Exploration	20.3	20.8	20.2	-0.6
SECONDARY SECTOR	508.8	545.5	561.3	15.8
Manufacturing	35.1	32.5	23.6	-8.9
Building and Construction	443.8	478.0	505.9	27.9
Utilities	29.9	35.0	31.8	-3.2
TERTIARY SECTOR	650.9	649.2	654.7	5.5
Transport	51.7	49.9	39.8	-10.1
Tourism	108.1	96.2	93.4	-2.8
Distribution	213.0	202.3	182.0	-20.3
Other(1)	278.1	300.8	339.5	38.7
PERSONAL LOANS	405.5	425.8	439.9	14.1
TOTAL	1,756.5	1,802.6	1,854.3	51.7

(1) Includes government services, real estate, financial institutions, professional services and entertainment.

Statistical Appendix *continued*

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

$mn

	Position as at			Changes During 2013
	Dec 2011	Dec 2012	Dec 2013	
Holdings of Approved Liquid Assets	693.8	815.8	815.3	-0.6
Notes and Coins	57.9	68.9	74.7	5.7
Balances with Central Bank	268.4	338.6	401.1	62.4
Money at Call and Foreign Balances (due in 90 days)	194.6	220.1	159.1	-60.9
Treasury bills maturing in not more than 90 days	156.9	173.2	165.6	-7.6
Other Approved assets	16.0	15.0	14.8	-0.2
of which: Treasury notes	2.5	0.0	0.0	0.0
Required Liquid Assets	472.7	505.7	521.7	16.0
Excess/(Deficiency) Liquid Assets	221.1	310.1	293.6	-16.6
Daily Average holdings of Cash Reserves	270.4	339.5	391.1	51.6
Required Cash Reserves	174.7	186.9	192.8	5.9
Excess/(Deficiency) Cash Reserves	95.7	152.6	198.3	45.7
Actual Securities Balances	151.5	173.9	166.0	-7.9
Required Securities Balances	0.0	0.0	0.0	0.0
Excess/(Deficiency) Securities	151.5	173.9	166.0	-7.9

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

Percentages

	Position as at			Changes Dec 2012 to Dec 2013
	Dec 2011	Dec 2012	Dec 2013	
Weighted Lending Rates				
Personal Loans	14.24	12.95	12.34	-0.61
Commercial Loans	12.74	11.92	11.22	-0.70
Residential Construction	11.88	10.49	9.69	-0.80
Other	11.84	10.32	9.20	-1.12
Weighted Average	12.93	11.86	11.12	-0.74
Weighted Deposit Rates				
Demand	0.48	0.43	0.38	-0.05
Savings/Chequing	2.49	2.45	2.55	0.10
Savings	2.98	2.88	2.56	-0.32
Time	5.37	3.95	3.35	-0.60
Weighted Average	3.65	2.55	2.17	-0.38
Weighted Average Spread	9.28	9.31	8.95	-0.36

Statistical Appendix *continued*

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

Percentages

	Position as at			Changes Dec 2012 to Dec 2013
	Dec 2011	Dec 2012	Dec 2013	
Weighted Lending Rates				
Personal Loans	11.84	10.12	10.37	0.25
Commercial Loans	12.25	10.81	8.08	-2.73
Residential Construction	10.06	10.68	8.17	-2.51
Other	10.83	9.00	7.93	-1.07
Weighted Average	11.79	10.33	9.02	-1.31
Weighted Deposit Rates				
Demand	0.00	0.00	0.00	0.00
Savings/Chequing	1.42	1.71	1.76	0.05
Savings	2.51	0.92	1.92	1.00
Time	3.99	3.48	2.72	-0.76
Weighted Average	3.83	3.10	2.55	-0.55
Weighted Average Spread	7.96	7.23	6.47	-0.76

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

$mn

	2008	2009	2010	2011	2012	2013
GDP at current Market Prices	**2,739.2**	**2,677.0**	**2,796.7**	**2,977.8**	**3,145.2**	**3,230.7**
GDP at constant 2000 Market Prices	**2,381.6**	**2,388.7**	**2,462.4**	**2,514.0**	**2,614.9**	**2,633.3**
Primary Industries	**312.0**	**319.7**	**341.7**	**326.8**	**349.1**	**344.0**
Agriculture, Hunting and Forestry	222.4	210.2	237.9	226.6	249.8	217.5
Fishing	89.6	109.5	103.7	100.2	99.3	126.5
Secondary Industries	**442.3**	**514.2**	**493.3**	**480.1**	**458.2**	**434.3**
Manufacturing (including Mining and Quarrying)	267.0	337.0	310.8	303.5	282.5	239.3
Electricity and Water	96.3	106.1	128.9	124.4	115.8	125.2
Construction	79.0	71.1	53.5	52.1	60.0	69.8
Tertiary Industries	**1,403.0**	**1,420.5**	**1,316.0**	**1,359.7**	**1,428.8**	**1,457.0**
Wholesale and Retail Trade	347.1	323.9	357.7	381.9	402.0	418.8
Hotels and Restaurants	87.2	78.1	81.0	82.4	91.5	100.3
Transport and Communications	248.1	245.0	256.7	260.2	273.4	269.4
Other Private Services excluding Financial Services Indirectly Measured	513.8	552.2	398.1	414.7	427.2	420.4
Producers of Government Services	206.8	221.2	222.5	220.5	234.6	248.1
All Industries at basic prices	**2,030.6**	**2,103.4**	**2,150.8**	**2,166.6**	**2,236.2**	**2,235.3**
Taxes less subsidies on products	351.0	285.3	311.5	347.4	378.7	398.0

Source: SIB

Statistical Appendix *continued*

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

	2008	2009	2010	2011	2012	2013
GDP at current Market Prices	**6.1%**	**-2.3%**	**4.5%**	**6.5%**	**5.6%**	**2.7%**
GDP at constant 2000 Market Prices	**3.8%**	**0.3%**	**3.1%**	**2.1%**	**4.0%**	**0.7%**
Primary Industries	**9.9%**	**2.5%**	**6.9%**	**-4.3%**	**6.8%**	**-1.5%**
Agriculture, Hunting and Forestry	-3.5%	-5.5%	13.2%	-4.8%	10.3%	-12.9%
Fishing	67.4%	22.2%	-5.3%	-3.4%	-1.0%	27.5%
Secondary Industries	**6.5%**	**16.2%**	**-4.1%**	**-2.7%**	**-4.5%**	**-5.2%**
Manufacturing (including Mining and Quarrying)	5.0%	26.2%	-7.8%	-2.4%	-6.9%	-15.3%
Electricity and Water	4.1%	10.2%	21.4%	-3.5%	-7.0%	8.1%
Construction	15.5%	-10.1%	-24.7%	-2.6%	15.1%	16.3%
Tertiary Industries	**1.3%**	**1.2%**	**-7.4%**	**3.3%**	**5.1%**	**2.0%**
Wholesale and Retail Trade	4.3%	-6.7%	10.4%	6.8%	5.3%	4.2%
Hotels and Restaurants	-4.6%	-10.5%	3.8%	1.7%	11.0%	9.7%
Transport and Communications	-3.9%	-1.2%	4.8%	1.4%	5.1%	-1.5%
Other Private Services excluding Financial Services Indirectly Measured	1.7%	7.5%	-27.9%	4.2%	3.0%	-1.6%
Producers of Government Services	4.8%	7.0%	0.6%	-0.9%	6.4%	5.7%
All Industries at basic prices	**3.9%**	**3.6%**	**2.3%**	**0.7%**	**3.2%**	**0.0%**
Taxes less subsidies on products	3.7%	-18.7%	9.2%	11.5%	9.0%	5.1%

Source: SIB

Table A.18: Sugar Cane Deliveries

	2010/2011	2011/2012	2012/2013
Deliveries to BSI (long tons)	843,786	1,070,278	1,078,019

Source: BSI

Table A.19: Citrus Fruit Deliveries

	2010/2011	2011/2012	2012/2013
Deliveries ('000 boxes)	5,120	6,686	4,730
Oranges	4,447	5,806	4,052
Grapefruits	673	880	678

Source: CGA

Statistical Appendix *continued*

Table A.20: Production of Sugar and Molasses

	2010/2011	2011/2012	2012/2013
Sugar Processed (long tons)	98,482	114,536	118,339
Molasses Processed (long tons)	28,727	30,955	34,508
Performance			
Factory Time Efficiency	90.30	95.27	94.06
Cane Purity (%)	87.46	85.77	86.04
Cane/Sugar Ratio	8.57	9.34	9.11

Source: BSI

Table A.21: Production of Citrus Juices and Pulp

	2010/2011	2011/2012	2012/2013
Production ('000 ps)	31,091	39,888	28,326
Orange Concentrate	28,047	36,299	25,304
Grapefruit Concentrate	2,644	3,265	2,750
Not-from-concentrate (NFC)	400	323	273
Production ('000 pounds)			
Pulp	1,890	2,947	2,275
Citrus Oil	1,571	2,175	1,593

Source: CPBL

Table A.22: Labour Force Statistics

Indicators	Apr-09	Sept-09	Apr-12	Sept-12	Apr-13	Sept-13
Labour Force	138,604	144,364	148,402	151,011	148,755	149,355
Employed Population	120,511	126,188	126,980	126,624	131,380	128,134
Unemployed Population	18,093	18,176	21,422	24,387	17,375	21,221
Unemployment Rate	13.1	12.6	14.4	16.1	11.7	14.2
Labour Force Participation Rate	62.2	63.0	65.4	66.1	64.2	63.8

Source: SIB

Statistical Appendix *continued*

Table A.23: Tourist Arrivals and Expenditure

	2010	2011	2012	2013
Stayover Arrivals				
Air	173,398	181,541	212,514	224,146
Land	43,452	40,772	36,327	39,141
Sea	9,782	10,944	8,450	8,968
Total stayovers	**226,632**	**233,257**	**257,291**	**272,255**
Cruise Ship Disembarkations[1]	**688,165**	**654,790**	**576,661**	**609,612**
Tourist Expenditure ($mn)	**518.5**	**495.1**	**514.1**	**650.3**

Sources: BTB, CBB and Immigration Department
[1] Tourists disembarking from the ships.

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

Major Commodity	Weights	Annual Change Feb -13	May -13	Aug -13	Nov-13	Average Change
Food and Non-Alcoholic Beverages	195.0	104.7	105.1	106.5	107.3	1.5
Alcoholic Beverages and Tobacco	16.6	99.7	99.9	100.5	100.8	0.9
Clothing and Footware	82.9	96.9	95.5	95.6	95.6	-2.2
Housing, Water, Electricty, Gas, and Other Fuels	264.8	100.6	100.9	101.0	101.1	0.4
Furnishing, Household Equipment and Routine Household Maintenance	69.3	99.1	99.8	99.7	99.7	0.2
Health	41.4	106.7	106.5	107.8	107.8	3.0
Transport	135.7	106.2	104.2	107.8	107.3	1.7
Communication	33.5	97.2	97.5	98.1	98.1	-0.9
Recreation and Culture	69.4	102.7	104.3	103.1	103.1	1.2
Education	32.5	100.4	100.6	100.5	100.5	0.4
Restaurants and Hotels	7.0	103.0	102.0	105.3	105.3	1.7
Miscellaneous Goods and Services	52.0	99.8	99.1	100.1	100.1	-3.2
All Items	**1000**	**102.0**	**101.9**	**102.7**	**102.9**	**0.5**

Source: SIB

Statistical Appendix *continued*

Table A.25: Balance of Payments - Merchandise Trade

$mn

	2011	2012	2013	Change
Goods Exports, FOB	**1,207.40**	**1,243.20**	**1,217.17**	**-2.1%**
of which: Domestic Exports	704.5	671.8	645.6	-3.9%
CFZ sales	438.6	493.7	486.0	-1.6%
Other Re-exports	64.2	77.7	85.6	10.2%
Goods Imports, FOB	**1,549.1**	**1,636.2**	**1,751.8**	**7.1%**
of which: Domestic Economy	1,196.5	1,316.5	1,449.0	10.1%
CFZ[1]	352.6	319.7	302.8	-5.3%
Merchandise Trade Balance	**-341.9**	**-393.1**	**-534.6**	**36.0%**

[1] CFZ excludes fuel and goods obtained from the free circulation area.

Table A.26: Domestic Exports

$mn

	2011	2012	2013
Traditional Exports	**345.0**	**413.7**	**428.1**
Sugar	90.1	107.6	107.4
Citrus Juices[1]	95.1	123.3	87.4
Citrus Concentrate	*95.1*	*123.1*	*86.9*
Not-from-Concentrate	*0.0*	*0.2*	*0.5*
Molasses[1]	3.4	3.8	5.5
Bananas	67.9	92.6	97.8
Marine[1]	62.5	71.0	109.3
Papayas	25.9	15.5	20.7
Petroleum[2]	**292.1**	**186.3**	**140.2**
Non-traditional Exports	**67.5**	**71.5**	**77.1**
Total Exports	**704.5**	**671.8**	**645.6**

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

Statistical Appendix *continued*

Table A.27: Exports of Sugar and Molasses

	2011		2012		2013	
	Volume (long tons)	Value ($'000)	Volume (long tons)	Value ($'000)	Volume (long tons)	Value ($'000)
Sugar[1]	**81,039**	**90,131**	**97,134**	**107,593**	**104,275**	**107,355**
EU	67,189	67,927	79,933	81,756	103,992	106,855
US	13,730	22,075	17,081	25,645	0	0
CARICOM	0	0	0	0	0	0
Other	120	130	120	192	283	500
Molasses[2]	**20,968**	**3,408**	**22,135**	**3,805**	**25,770**	**5,540**

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]

	2011	2012	2013
Concentrate ('000 ps)	**30,626**	**36,128**	**30,235**
Orange	27,781	32,171	27,528
Grapefruit	2,845	3,957	2,707
Concentrate Value ($mn)	**95.1**	**123.1**	**86.9**
Orange	86.1	108.8	76.6
Grapefruit	9.0	14.3	10.3
Not-from-Concentrate Exports ('000 ps)	**4.3**	**29.6**	**92.9**
Orange	0.0	19.9	77.3
Grapefruit	4.3	9.6	15.6
Not-from-Concentrate Value ($mn)	**0.0**	**0.2**	**0.5**
Orange	0.0	0.1	0.4
Grapefruit	0.0	0.1	0.1
Pulp Export ('000 pounds)	**1,904**	**1,904**	**3,025**
Pulp Value ($mn)	**1.4**	**1.5**	**2.4**

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.

Statistical Appendix *continued*

Table A.29: Exports of Bananas

	2011	2012	2013
Volume (metric tons)	**74,108**	**103,710**	**98,820**
Value ($mn)	**67.9**	**92.6**	**97.8**

Source: BGA

Table A.30: Exports of Marine Products

	2011		2012		2013	
	Volume ('000 lbs)	Value ($'000)	Volume ('000 lbs)	Value ($'000)	Volume ('000 lbs)	Value ($'000)
Lobster Tail	668.4	19,238	724.9	15,562	496.5	14,121
Shrimp[1]	10,575.4	33,949.2	10,938.9	42,507.8	14,381.8	82,818.0
Conch	821.3	8,727	1119.1	11,988	986.8	11,291
Whole/Fillet Fish	1,257.3	617	401.5	904	513.7	1,086
Total	**13,322.4**	**62,531**	**13,184.3**	**70,962**	**16,378.8**	**109,316**

Sources: CBB and SIB

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

Table A.31: Other Major Exports

	2011	2012	2013
Papayas			
Volume ('000 lbs)	60,519	42,762	56,514
Value ($mn)	25.9	15.5	20.7
Petroleum[1]			
Volume (barrels)	1,346,332	891,817	674,445
Value ($mn)	292.1	186.3	140.2

Source: SIB

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

Statistical Appendix *continued*

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

$mn

SITC Category	2009	2010	2011	2012	2013
Food and Live Animals	155.3	155.0	166.3	193.2	202.9
1 Beverages and Tobacco	17.4	22.7	31.6	40.2	45.8
2 Crude Materials	13.1	14.8	19.7	17.1	20.6
3 Fuels and Lubricants	249.7	267.7	316.7	359.1	354.5
of which: Electricity	*40.1*	*37.0*	*51.9*	*85.9*	*78.8*
4 Animal and Vegetable Oils	5.3	6.6	11.1	14.2	13.3
5 Chemicals	124.6	126.3	146.7	159.4	167.6
6 Manufactured Goods	178.3	196.9	203.4	203.1	228.7
7 Machinery and Transport Equipment	266.3	233.4	252.0	294.1	345.1
8 Miscellaneous Manufactured Goods	96.1	95.6	106.6	106.2	135.5
9 Commodities - not classified elsewhere	0.5	0.6	0.0	0.0	0.0
Export Processing Zones	74.1	63.2	69.2	64.9	80.6
Personal Goods	3.4	2.8	3.6	5.4	6.9
Total	**1,184.1**	**1,185.4**	**1,326.9**	**1,456.8**	**1,601.6**
CFZ Direct Imports	191.5	262.9	387.5	351.3	332.8
Grand Total	**1,375.6**	**1,448.3**	**1,714.4**	**1,808.1**	**1,934.4**

Sources: SIB and CBB

Statistical Appendix *continued*

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

$mn

	2011			2012			2013		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Services	**680.2**	**343.4**	**336.7**	**814.9**	**372.4**	**442.5**	**896.1**	**415.6**	**480.5**
Transportation	44.1	141.9	-97.7	44.7	141.2	-96.5	46.2	152.2	-106.0
Travel	495.0	67.5	427.4	598.0	73.8	524.2	702.0	80.3	621.7
Other Goods and Services	82.8	116.6	-33.7	101.8	136.0	-34.2	94.9	158.3	-63.5
Government Goods and Services, n.i.e.	58.3	17.5	40.8	70.4	21.4	49.0	53.1	24.8	28.3
Primary Income	**9.5**	**205.6**	**-196.1**	**10.2**	**250.5**	**-240.3**	**12.1**	**248.1**	**-236.0**
Labour Income	4.7	10.2	-5.5	4.7	14.0	-9.3	4.7	12.5	-7.8
Investment Income[1]	4.8	195.5	-190.7	5.5	236.5	-231.0	7.4	235.5	-228.1
Secondary Income	**214.8**	**47.3**	**167.5**	**206.3**	**54.7**	**151.6**	**208.7**	**62.8**	**145.9**
Government	1.4	7.1	-5.8	0.3	8.3	-7.9	0.8	9.3	-8.6
Private	213.4	40.2	173.2	205.9	46.4	159.5	208.0	53.4	154.5

[1] Data include an estimate for profit remittances from the tourism and petroleum industries.
n.i.e. - not included elsewhere

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

Percentage

	Exports[1]			Imports[2]		
	2011	2012	2013	2011	2012	2013
US	36.3	26.2	22.7	32.0	29.9	32.2
Mexico	40.2	42.9	43.4	9.2	10.7	11.4
UK	11.7	13.1	15.7	1.5	1.0	1.1
Other EU	1.5	6.7	7.5	3.1	3.1	3.5
Central America	0.5	0.5	0.5	15.2	15.3	14.0
CARICOM	4.5	5.9	8.0	2.1	3.2	3.2
Canada	0.2	0.2	0.2	0.8	0.8	0.6
Netherland Antilles	0.0	0.0	0.0	13.4	13.7	11.3
China	0.6	0.5	0.1	14.2	12.8	11.4
Other	4.5	4.1	1.9	8.5	9.6	11.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

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

Statistical Appendix *continued*

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

$mn

	2011 Net	2012 Net	2013 Net
CAPITAL ACCOUNT	**47.3**	**45.0**	**75.4**
General Government	48.5	45.0	75.4
Other Sectors	1.2	0.0	0.0
FINANCIAL ACCOUNT	**-37.8**	**-135.2**	**-268.8**
Direct Investment Abroad	1.3	1.8	1.4
Direct Investment in Belize	190.7	388.4	178.6
Portfolio Investment Assets	14.1	0.3	0.0
Portfolio Investment Liabilities	-12.2	-6.5	-31.8
Financial Derivatives Assets	0.0	0.0	0.0
Financial Derivatives Liabilities	0.0	0.0	0.0
Other Investment Assets	47.2	85.9	-47.6
Monetary Authorities	0.0	0.0	0.0
General Government	0.0	0.0	0.0
Banks	48.0	88.5	-72.1
Other Sectors	-0.8	-2.2	24.6
Other Investment Liabilities	-78.1	-158.7	75.9
Monetary Authorities	-1.4	0.4	-0.8
General Government	7.6	-1.8	169.1
Banks	-23.4	-13.8	20.2
Other Sectors	-60.9	-143.6	-112.6
NET ERRORS AND OMISSIONS	**-15.1**	**-35.4**	**27.6**
CHANGES IN RESERVES	**36.2**	**105.6**	**227.7**

Statistical Appendix *continued*

Table A.36: Official International Reserves

	Position as at			Changes during 2012
	Dec-11	Dec-12	Dec-13	
Gross Official International Reserves	**472.2**	**577.8**	**805.4**	**227.7**
Central Bank of Belize	**455.4**	**561.0**	**788.7**	**227.7**
Holdings of SDRs	61.7	61.6	61.7	0.1
IMF Reserve Tranche	13.0	13.0	13.0	0.0
Other	380.8	486.4	714.0	227.6
Central Government	**16.7**	**16.7**	**16.7**	**0.0**
Foreign Liabilities	**2.0**	**2.2**	**1.8**	**-0.3**
CARICOM	0.4	0.6	0.2	-0.3
Other	1.6	1.6	1.6	0.0
Net Official International Reserves	**470.1**	**575.6**	**803.6**	**228.0**

Table A.37: Private Sector External Debt by Economic Sector[1,3]

Economic Sectors	Disbursed Outstanding as at 31/12/12	Transactions (January - December 2013) Disbursements	Principal Payments	Interest Payments	Disbursed Outstanding as at 31/12/13
Long Term:					
Agriculture	76,787	30	9,511	2,477	67,662
Arts, Entertainment and Recreation	1,700	0	0	0	1,700
Construction	59,545	0	258	7,000	59,286
Education	198	0	0	0	198
Electricity and Gas[2]	5,371	0	15	1,595	5,356
Financial and Insurance Activities	111	0	0	0	111
Fishing	118,142	0	8,355	3,470	109,787
Information and Communication	0	1,077	137	64	940
Real Estate Activities	106	0	0	0	106
Toursim Activities	45,908	0	2,501	1,301	43,407
Transportation	37,331	0	4,029	561	33,302
Wholesale and Retail Trade	1,707	0	99	54	1,608
Other	32	0	8	1	23
Total[1]	**346,937**	**1,107**	**24,913**	**16,523**	**323,486**

(1) The loans only cover that portion of the private sector debt that is reported to the Central Bank of Belize
(2) In compliance with legislation issued on 21 June 2011, the Government of Belize acquired Belize Electricity Ltd. (BEL). BEL is no longer a private sector entity so its loans are not included in electricity and gas sector
(3) At the time of reporting, not all companies have submitted their balance sheets to the Central Bank of Belize.

Statistical Appendix *continued*

Table A.38: Balance of Payments Summary

$mn

	2011	2012	2013
CURRENT ACCOUNT	**-33.8**	**-39.3**	**-144.1**
Goods: Exports FOB	1,207.4	1,243.2	1,217.2
Goods: Imports FOB	1,549.1	1,636.2	1,751.8
Trade Balance	-341.7	-393.1	-534.6
Services: Credit	680.2	814.9	896.1
Transportation	44.1	44.7	46.2
Travel[1]	495.0	598.0	702.0
Other Goods and Services	82.8	101.8	94.9
Government Goods and Services	58.3	70.4	53.1
Services: Debit	343.4	372.4	415.6
Transportation	141.9	141.2	152.2
Travel	67.5	73.8	80.3
Other Goods and Services	116.6	136.0	158.3
Government Goods and Services	17.5	21.4	24.8
Balance on Goods and Services	-5.0	49.5	-54.1
Primary Income: Credit	9.5	10.2	12.1
Compensation of Employees	4.7	4.7	4.7
Investment Income	4.8	5.5	7.4
Primary Income: Debit	205.9	250.5	248.1
Compensation of Employees	10.2	14.0	12.5
Investment Income[2]	195.5	236.5	235.5
Balances on Goods, Services and Income	-201.4	-190.8	-290.1
Secondary Income: Credit	214.8	206.3	208.7
Government	1.4	0.3	0.8
Private	213.4	205.9	208.0
Secondary Income: Debit	47.3	54.7	62.8
Government	7.1	8.3	9.3
Private	40.2	46.4	53.4
CAPITAL ACCOUNT, n.i.e.	**47.3**	**45.0**	**75.4**
Capital Account: Credit	48.5	45.0	75.4
Capital Account: Debit	1.2	0.0	0.0

Statistical Appendix *continued*

Table A.38: Balance of Payments Summary *continued*

$mn

	2011	2012	2013
FINANCIAL ACCOUNT, n.i.e.	**-37.8**	**-135.2**	**-268.8**
Direct Investment Abroad	1.3	1.8	1.4
Direct Investment in Belize, n.i.e.	190.7	388.4	178.6
Net Direct Investment	*-189.4*	*-386.7*	*-177.2*
Portfolio Investment Assets	14.1	0.3	0.0
Portfolio Investment Liabilities, n.i.e.	-12.2	-6.5	-31.8
Net Portfolio Investment	*26.4*	*6.9*	*31.8*
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	47.2	85.9	-47.6
Other Investment Liabilities	-78.1	-158.7	75.9
Net Other Investment	*125.2*	*244.6*	*-123.4*
NET ERRORS AND OMISSIONS	**-15.1**	**-35.4**	**27.6**
RESERVE ASSETS	**36.2**	**105.6**	**227.7**

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

Statistical Appendix *continued*

Table A.39: Central Government - Revenue and Expenditure

$'000

	Fiscal Year 2012/2013	Estimated Budget 2013/2014	Jan-Dec 2011	Jan-Dec 2012	Jan-Dec 2013
TOTAL REVENUE AND GRANTS (1+2+3)	840,322	885,273	816,198	877,608	885,012
1) Current Revenue	814,362	839,140	786,999	825,602	851,651
Tax Revenue	706,803	727,011	666,440	694,432	748,688
Income and Profits	235,864	233,782	236,420	234,250	247,594
Taxes on Property	4,897	7,154	7,468	4,882	6,177
Taxes on Goods and Services	277,274	282,609	236,417	260,842	304,182
International tTrade and Transactions	188,768	203,465	186,135	194,458	190,735
Non-Tax Revenue	107,559	112,130	120,560	131,170	102,963
Property income (1)	12,253	6,870	38,057	30,141	28,861
Licenses	14,560	15,818	11,530	16,678	12,197
Transfers from Governement Departments	25,737	25,925	24,099	25,980	25,806
Repayment of Old Loans	27,679	31,808	12,268	27,548	3,183
Rent and Royalties (2)	27,330	31,709	34,605	30,822	32,916
2) Capital Revenue	4,619	5,051	6,164	6,455	5,680
3) Grants	21,342	41,082	23,034	45,552	27,681
TOTAL EXPENDITURE (1+2)	852,132	934,106	839,095	902,740	919,297
1) Current Expenditure	704,430	777,863	717,380	740,840	751,052
Wages and Salaries	296,976	313,156	290,968	299,654	306,516
Pensions	53,685	55,230	49,895	54,108	53,774
Goods and Services	176,072	181,535	172,703	178,172	197,451
Interest Payments	58,942	95,913	103,562	93,222	58,410
Subsidies and Current Transfers	118,755	132,029	100,251	115,685	134,900
2) Capital Expenditure	147,702	156,243	121,715	161,900	168,245
Capital II (Local Sources)	66,523	67,243	69,653	65,277	93,948
Capital III (Foreign Sources)	77,915	85,877	46,409	93,275	71,210
Capital Transfer and Net Lending	3,264	3,123	5,654	3,348	3,087
CURRENT BALANCE	**109,932**	**61,277**	**69,620**	**84,761**	**100,598**
OVERALL BALANCE	**-11,811**	**-48,834**	**-22,897**	**-25,132**	**-34,286**
PRIMARY BALANCE	**47,131**	**47,078**	**80,665**	**68,090**	**24,125**
OVERALL BALANCE WITHOUT GRANTS	-33,153	-89,916	-45,931	-70,684	-61,967
PRIMARY BALANCE WITHOUT GRANTS	25,789	5,997	57,631	22,538	-3,556

Statistical Appendix *continued*

Table A.39: Central Government - Revenue and Expenditure *continued*

$'000

	Fiscal Year 2012/2013	Estimated Budget 2013/2014	Jan-Dec 2011	Jan-Dec 2012	Jan-Dec 2013
FINANCING	**11,812**	**48,834**	**22,897**	**25,132**	**34,286**
Domestic Financing	-35,064		13,109	16,551	-148,001
Central Bank	-40,560		-23,121	2,808	-143,609
Net Borrowing	-5,650		9,639	-8,543	-596
Change in Deposits	-34,910		-32,760	11,350	-143,014
Commercial Banks	4,234		-487	9,723	-9,239
Net Borrowing	10,463		-538	14,147	-8,791
Change in Deposits	-6,229		51	-4,424	-448
Other Domestic Financing (3)	1,262		36,717	4,020	4,847
Financing Abroad	54,867		17,826	15,482	183,935
Disbursements	197,572		70,785	72,083	329,041
Amortization	-169,049		-52,959	-56,601	-171,450
Net Reduction	26,344				26,344
Other	-7,992		-8,038	-6,901	-1,648

Sources: CBB and MOF

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

(2) Rent and royalties included $20.8mn (2011), $15.9mn (2012) and $18.5mn (2013) from BNE.

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

Statistical Appendix *continued*

Table A.40: Central Government - Domestic Debt 2013[(1)]

$'000

	Disbursed Outstanding Debt 31/12/12[R]	TRANSACTIONS THROUGH DECEMBER 2013 Disbursement/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	Disbursed Outstanding Debt 30/12/13[P]
Overdraft/Loans	56,350	0	0	5,394	(1,220)	55,130
Central Bank	56,350			5,394	(1,220)	55,130
Commercial Banks	0			0	0	0
Treasury Bills	175,000	0	0	2,262	0	175,000
Central Bank	0	0	0	54	0	0
Commercial Banks	173,480	0	0	2,132	(7,764)	165,716
Other	1,520	0	0	77	7,764	9,284
Treasury Notes	136,500	0	0	7,328	0	136,500
Central Bank	87,797	0	0	6,650	624	88,421
Commercial Banks	0	0	0	1	0	0
Other	48,703	0	0	677	(624)	48,079
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	1,163	0	280	93	0	883
Heritage Bank Limited	4,230	0	745	387	0	3,486
Belize Social Security Board	2,572	0	1,008	178	0	1,564
Fort Street Tourism Village	285	0	285	0	0	0
Debt-for-Nature-Swap	2,810	0	199	39	0	2,610
Guardian Life Belize	1,000	0	1,000	45	0	0
Total	**389,910**	**0**	**3,519**	**16,528**	**(1,220)**	**385,171**

[R] - Revised
[P] - Provisional
(1) Transactions associated with the Universal Health Services (UHS) loan with the Belize Bank Limited are not included in this table, as no action has been taken to enforce the claim. As well, BTL and BEL liabilities are not included in this table due to ongoing litigation.
(2) Government has outstanding loans with BSSB consisting of (i) Hopeville Housing Project and (ii) loan purchased from Development Finance Corporation as of 30 January 2007.

Table A.41: Public Sector External Debt by Source

$mn

	Outstanding Debt 12/31/2012	Disbursement	Amortization	Interest and Other Charges	Valuation Adjustments	Outstanding Debt 12/31/2013
Bilateral	341	170	30	8	-0	481
Bonds	1,085	82	108	22	-93	1,053
Commercial Banks	6	0	0	0	0	3
Multilateral	595	77	48	14	665	625
Total	2,027	329	189	44	572	2,163

(1) With the restructuring of the 2029 Bond on the 20 March 2013, disbursement of $81.6mn includes the capitalized interest up to 19 March 2013 and debt reduction. Amortization of $107.9mn is the 10% haircut.

Statistical Appendix *continued*

Table A.42: Public Sector - External Debt 2013

$'000

	Disbursed Outstanding Debt 31/12/12[R]	TRANSACTIONS THROUGH DECEMBER 2013 Disbursements	Principal Payments	Interest and Other Payments	Parity Change	Disbursed Outstanding Debt 31/12/13[P]
CENTRAL GOVERNMENT	**1,916,271**	**329,041**	**171,450**	**42,462**	**515**	**2,068,885**
Banco Nacional de Comercio Exterior	2,647	0	1,059	145	0	1,588
Government of the United States	384	0	384	14	0	0
Government of Venezuela	36,050	143,004	1,706	599	-0	177,348
Kuwait Fund for Arab Economic Development	18,744	2,028	1,001	963	-73	19,699
Republic of China	280,259	25,000	24,526	6,347	0	280,733
Caribbean Development Bank	199,240	21,318	14,047	6,570	0	206,511
Caricom Development Fund	2,140	2,000	204	83	0	3,936
European Economic Community	13,154	0	663	78	580	13,071
Inter-American Development Bank	233,346	20,289	13,817	3,635	0	239,819
International Fund for Agriculture Development	1,483	1,161	538	18	8	2,113
International Bank for Reconstruction and Development	21,459	5,750	3,443	407	-0	23,766
Opec Fund for International Development	21,566	19,600	2,000	1,316	-0	39,166
Central American Bank for Economic Integration	958	7,301	129	326	0	8,131
Bear Stearns & Company (Untendered Portion)[1]	5,492	0	0	0	0	0
Bank of New York [1]	1,079,348	81,591	107,935	21,959	0	1,053,004
NON-FINANCIAL PUBLIC SECTOR	**37,361**	**52**	**8,778**	**988**	**8**	**28,642**
Kuwait Fund for Arab Economic Development	2,843	0	699	105	-20	2,124
The Bank of Nova Scotia[2]	6,380	0	3,190	65	-0	3,190
European Investment Bank[2]	1,475	0	724	29	28	779
Caribbean Development Bank[2] [3]	26,662	52	4,165	788	0	22,550
FINANCIAL PUBLIC SECTOR	**73,839**	**0**	**8,480**	**352**	**49**	**65,408**
Caribbean Development Bank	9,310	0	1,095	225	-0	8,214
European Economic Community	296	0	39	3	13	270
Paine Webber Real Estate Securities Inc.	200	0	200	1	0	0
Belize Mortgage Company[4]	0	0	0	8	0	0
International Monetary Fund[5]	64,033	0	7,146	116	37	56,924
GRAND TOTAL	**2,027,471**	**329,093**	**188,708**	**43,802**	**572**	**2,162,935**

R - Revised

P - Provisional

(1) With the restructuring of the 2029 Bond on the 20 March 2013, disbursement of $76.5mn represents the capitalized interest up to 19 March 2013, amortization of $107.9mn is the 10% haircut and $5.5mn is debt reduction.

(2) Effective 21 June 2011, the nationalization of Belize Electricity Limited caused an increase ($23.1mn) in debt, which was matched by Government's acquisition of assets of equal value.

(3) 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.

(4) Belize Mortgage Company is the issuer of Development Finance Corporation North American Securitization loan through the Bank of New York.

(5) International Monetary Fund Special Drawing Rights allocation is included as part of the financial public sector external debt obligation.

Statistical Appendix *continued*

Table A.43: Public Sector and Publicly Guaranteed Debt 2013

$mn

	2011	2012	2013
Public Sector and Publicly Guaranteed Debt Outstanding (end of period)	2611.8	2609.4	2748.0
Public Sector Debt	2430.7	2428.7	2567.5
External:	2044.2	2027.5	2162.9
Central Government	1909.6	1916.3	2068.9
Non-Financial Public Sector	47.2	37.4	28.6
Financial Public Sector	87.3	73.8	65.4
Development Finance Corporation	18.0	9.6	8.5
of which: is Bonds:	6.5	0.0	0.0
Central Bank of Belize	69.4	64.0	56.9
Domestic:	386.6	401.2	404.6
Central Government	381.2	389.9	385.2
Other Public Sector	5.4	11.3	19.4
Publicly Guaranteed Debt	181.0	180.8	180.5
External:	1.4	1.2	0.9
Privatized Enterprises	1.4	1.2	0.9
Belize Port	1.4	1.2	0.9
Private Enterprises	0.0	0.0	0.0
Domestic:	179.6	179.6	179.6
Private Enterprises	179.6	179.6	179.6
Belize Telemedia	72.3	72.3	72.3
Belize Electricity Ltd	106.3	106.3	106.3
Northern Fishermen	1.0	1.0	1.0
	(As a Percentage of GDP)		
Public Sector and Publicly Guaranteed Debt Outstanding (end of period)	87.7	83.0	85.1
Public Sector Debt	81.6	77.2	79.5
External:	68.6	64.5	66.9
Central Government	64.1	60.9	64.0
Non-Financial Public Sector	1.6	1.2	0.9
Financial Public Sector	2.9	2.3	2.0
Domestic:	13.0	12.8	12.5
Central Government	12.8	12.4	12.2
Other Public Sector	0.2	0.4	0.6
Publicly Guaranteed Debt	6.1	5.7	5.7
External:	0.0	0.0	0.0
Debt for Privatized Enterprises	0.0	0.0	0.0
Private Enterprises	0.0	0.0	0.0
Domestic:	6.0	5.7	5.7
Private Enterprises	6.0	5.7	5.7

Sources: CBB and MOF

Statistical Appendix *continued*

Table A.44: Central Bank Dealings in Foreign Exchange 2013

$mn

	US $, Canadian $, and UK £			CARICOM Currencies		
Month	Purchases	Sales	Net	Purchases	Sales	Net
January	12.20	16.60	-4.40	0.00	0.15	-0.15
February	58.80	15.00	43.80	0.00	0.54	-0.54
March	19.40	11.80	7.60	0.00	0.00	0.00
April	31.50	17.10	14.40	0.00	0.96	-0.96
May	59.90	21.80	38.10	0.24	0.07	0.17
June	33.30	9.80	23.50	0.01	0.02	-0.01
July	44.47	20.00	24.47	0.00	0.11	-0.11
August	40.90	35.30	5.60	0.00	0.79	-0.79
September	17.60	8.50	9.10	0.00	0.05	-0.05
October	64.30	15.80	48.50	0.00	0.05	-0.05
November	21.40	10.70	10.70	0.00	0.34	-0.34
December	15.80	11.70	4.10	0.00	0.11	-0.11
Total	**419.57**	**194.10**	**225.47**	**0.25**	**3.19**	**-2.94**

Table A.45: External Asset Ratio 2013

Month	Foreign Assets $mn	Domestic Liablilites $mn	External Asset Ratio Ratio (%)
January	573.62	680.65	84.28
February	615.99	726.53	84.79
March	622.74	732.72	84.99
April	637.53	730.83	87.23
May	675.14	772.04	87.45
June	699.32	800.95	87.31
July	724.70	844.69	85.79
August	730.88	848.07	86.18
September	740.91	855.81	86.57
October	788.53	903.43	87.28
November	799.52	920.34	86.87
December	804.17	911.90	88.19

Statistical Appendix *continued*

Table A.46: Commercial Bank Balances with the Central Bank 2013

$mn

Month	Average Deposit Liability	Required Cash Reserve	Actual Cash Holdings	Excess/ (Deficit)
January	2,244.4	190.8	336.9	146.1
February	2,265.7	192.6	351.9	159.4
March	2,265.2	192.5	361.8	169.3
April	2,279.2	193.7	366.1	172.4
May	2,300.1	195.5	369.3	173.8
June	2,308.6	196.2	368.5	172.2
July	2,302.3	195.7	382.8	187.1
August	2,330.2	198.1	388.1	190.0
September	2,328.3	197.9	389.3	191.4
October	2,306.8	196.1	394.5	198.4
November	2,281.9	194.0	389.7	195.7
December	2,268.3	192.8	391.1	198.3

Table A.47: Currency in Circulation 2013

$mn

Month	Notes	Coins	Total	Commercial Bank Vault Cash	Currency with the Public
January	198.3	22.7	221.0	38.6	182.4
February	198.2	22.8	221.0	37.1	183.9
March	209.2	23.0	232.2	38.6	193.6
April	205.4	23.1	228.5	38.4	190.1
May	206.9	23.2	230.1	34.6	195.5
June	214.8	23.4	238.2	38.2	200.0
July	208.1	23.5	231.5	38.9	192.6
August	210.8	23.5	234.3	40.1	194.2
September	208.9	23.6	232.5	41.0	191.5
October	204.5	23.5	228.1	38.0	190.1
November	214.4	23.5	237.9	39.3	198.6
December	238.7	23.7	262.5	50.8	211.7

Statistical Appendix *continued*

Table A.48: Inter-Bank Market Activity 2013

$mn

Amount	Amount Offered	Amount Borrowed	Interest Rates
January	17.0	12.0	4.75%
February	10.0	0.0	0.00%
March	0.0	0.0	0.00%
April	0.0	0.0	0.00%
May	0.0	0.0	0.00%
June	0.0	0.0	0.00%
July	0.0	0.0	0.00%
August	0.0	0.0	0.00%
September	0.0	0.0	0.00%
October	0.0	0.0	0.00%
November	22.0	10.0	4.17%
December	5.0	0.0	4.00%
Total	54.0	22.0	

Table A.49: Central Bank Credit to Central Government 2013

$mn

Month	Treasury Bills	Treasury Notes	Defence Bonds	Overdraft facility(1)	A	B
January	0.0	87.8	10.0	49.6	3.31	6.24
February	0.0	87.6	10.0	42.7	3.31	5.37
March	0.4	87.5	10.0	56.2	3.30	7.08
April	0.3	87.5	10.0	41.4	3.30	5.10
May	1.8	87.5	10.0	35.6	3.30	4.39
June	0.7	87.4	10.0	39.2	3.30	4.83
July	0.0	87.4	10.0	51.2	3.30	6.30
August	0.6	87.4	10.0	53.6	3.30	6.60
September	0.0	87.5	10.0	51.6	3.30	6.36
October	0.0	87.3	10.0	54.3	3.29	6.69
November	0.0	87.2	10.0	56.7	3.29	6.99
December	0.0	88.1	10.0	55.4	3.32	6.82

[1] Overdraft facility represents monthly averages rather than end of month position.

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

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