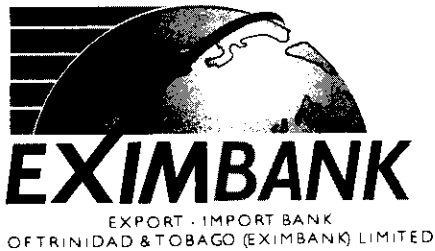




**EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED  
ADMINISTRATIVE REPORT 2008**



EXIM HOUSE, #30 Queen's Park West, Port of Spain, Trinidad, W.I.  
Phone: 868-628-2762, 628-1382, Fax: General Office: 868-628-9370, CEO's Office: 868-622-3545

December 4, 2009

Senator Mariano Browne  
Minister of Trade and Industry  
Ministry of Trade and Industry  
Level 11-17 Nicholas Towers  
Independence Square  
**PORT OF SPAIN**

Dear Minister Browne,

**Re: Submission of Annual Administrative Report  
- Sec 66D of the Constitution**

Further to your letter of October 19<sup>th</sup> 2009, please find enclosed three(3) original and one hundred and twenty (120) copies of the Annual Administrative Report for 2008.

Yours sincerely,

  
Brian Awang  
CHIEF EXECUTIVE OFFICER

# **EXPORT- IMPORT BANK OF TRINIDAD AND TOBAGO (EXIMBANK) LIMITED** **ADMINISTRATIVE REPORT - 2008**

## **1. COMPANY SUMMARY**

EXIMBANK remains the principal Export Credit Agency in the country. It has emerged out of what was formerly EXCICO, the Trinidad and Tobago Export Credit Insurance Company Limited, which was established in 1973 by the Government to provide export credit insurance facilities to local exporters against the risk involved in exporting goods on credit terms.

In 1997, EXCICO was converted to EXIMBANK to conduct *“the business of a Confirming House, Acceptance House and Finance Company ... (and) Financial Services.”* in order to meet the export needs of the domestic economy and to expand the trade of the SME's in the non hydrocarbon sector

Today, EXIMBANK continues to operate as a profitable state enterprise. The bank continues to focus on providing services mainly for the export manufacturing sector. The primary market segment therefore continues to be Small and Medium Enterprises (SME's) involved in products and services which include seafood processing, woodworking, furniture, appliances, garments, paper tissues and pharmaceutical manufacture and distribution.

### **Mission Statement:**

“To be the premier financial institution facilitating the expansion of regional enterprises, by providing the highest quality products and services, thereby enabling them to take advantage of global trade opportunities.”

### **Business Description**

The Bank offers the following products and services:-

- Export Credit Insurance against commercial and political risks
- Short Term Financing i.e. Pre-Shipment and Post-Shipment Financing
- Medium Term Loans
- Other Trade Finance Services

## **2. MAJOR INITIATIVES/DEVELOPMENTS IN 2008**

### **Equity Funding**

In July 2008, the Bank received \$50 M of the pledged \$100 M from the GORTT. The remaining \$50M was received in the first quarter of 2009.

The receipt of the outstanding equity provided the Bank the opportunity to sustain lending to the SMEs and thereby fulfill our mandate to finance the expansion of regional trade.

### **Macro Economy:**

During the last quarter of 2008, the effects of the global financial and economic crisis had begun to negatively impact on both the domestic economy and local businesses. Several of our customers began to seek extensions on repayments of loans while others experienced challenges in obtaining US currency to repay their foreign loans.

Also, there was a phenomenal increase in requests for credit insurance from customers.

In anticipation of these and other challenges in market conditions, the management of the Bank implemented a number of initiatives during the year in order to meet the demands of customers, to ensure that the capital base of the Bank was sustained and to enable the continued profitability of the Bank.

Some of the initiatives undertaken were:

- Restructuring of several loans to assist the customers in meeting their loan repayments
- Reorganization of the Credit and Treasury department to provide improved customer service;
- Embarking on a vigorous collection effort for both accounts in risk and current loans; as at year end 2008, the department collected over US \$1M and TT \$ 100,000 from customers.
- Amendment of several documents in the Credit Department to enhance enforceability of contracts.

### **Links with other Eximbanks**

The Bank continued to take steps to forge links with other Eximbanks around the world such as the USA, Canada and China.

### Marketing Initiatives

In the latter half of the year the Bank embarked on a series of initiatives aimed at increasing our customer base and enhancing the visibility of the Bank.

### Provision of Credit for the Government of Cuba

During the Second Meeting of the Trinidad and Tobago/Cuba Joint Commission held in March 2005, the Cuban delegation had expressed an interest in acquiring a line of credit from the Export-Import Bank of Trinidad and Tobago to finance increased bilateral trade with Trinidad and Tobago.

On October 06 2008, the Bank received a request from the Ministry of Finance for details on the feasibility of the above expression of interest and the appropriate steps to be followed by the Government of Cuba.

Subsequent to this request the Bank informed the Ministry of Finance that Eximbank would be willing to engage in discussions with the objective of establishing a US\$ 10 million line of credit with the Government of Cuba.

### Corporate Initiatives

Despite the uncertainty which looms on the global economic horizon for 2009, the Bank remains steadfast to its fundamental role of driving the development and growth of exports by the SMEs in the non hydrocarbon sector.

We believe that such can result in the exploration of Government's initiatives in expanding South/South trade, Latin American trade and the Cuba initiative.

The Bank will also continue to focus on the expansion of its regional activities which will include greater involvement in the Caricom community thereby engendering regional unity.

## **3. ORGANIZATION STRUCTURE**

### Corporate Structure:

The organization structure consists on four functional streams being Credit and Treasury, Marketing and Business Development, Finance and Human Resources. The staff complement for 2008 was 30 persons.

The Board of Directors is the representative of the shareholder. The Board's main responsibility therefore lies in overseeing and monitoring the activities of the

company to ensure optimal utilization of its resources and achievement of its corporate strategic objectives.

The company reports to the Line Ministry and the Ministry of Finance (Corporation Sole).

**The members of the Board of Directors:**

Chairman	Mr. Clarry Benn
Member	Mr. Reza Abasali
Member	Mr. Arnold Cato
Member	Mr. Abraham Hadeed
Member	Mr. Greig Laughlin
Member	Mr. Larry Lequay
Member	Mr. Kenneth Parker

**BOARD COMMITTEES:**

**Audit and Finance:**

Chairman	Mr. Reza Abasali
Member	Mr. Clarry Benn
Member	Mr. Abraham Hadeed
Member	Mr. Kenneth Parker
Ministry of Finance	Mr. Kesraj Seegobin

**Credit:**

Chairman	Mr. Larry Lequay
Member	Mr. Arnold Cato
Member	Mr. Greig Laughlin

**Human Resources:**

Chairman	Mr. Arnold Cato
Member	Mr. Abraham Hadeed
Member	Mr. Kenneth Parker

## **Marketing:**

Chairman	Mr. Greig Laughlin
Member	Mr. Clarry Benn
Member	Mr. Reza Abasali

## **The members of the Management Team:**

Chief Executive Officer	Mr. Brian Awang
Chief Operations Officer	Ms. Josephine Ible
Chief Financial Officer	Mrs. Carol Austin
Internal Auditor	Mr. Theodore Villarroel
Manager Credit and Treasury	Mr. Lindsay Chevalier
Manager Human Resources	Mr. Gregory Camejo

## **4. CREDIT POLICY**

Our Approved Credit Policy defines the parameters within which the Bank provides insurance protection enhancements and extends profitable credit to our clients. It has been prepared with the broad objective of meeting the following goals: -

- Compliance, at all times, with the laws and regulations of the Republic of Trinidad and Tobago and the Central Bank.
- Building a diversified and good quality portfolio;
- Optimizing risk return portfolio with adequate exit options
- Building and maintain relationships with our clients by servicing their needs promptly, effectively and efficiently; and
- Ensuring that there is transparency of all charges and fees in dealing with customers

## **5. AUDIT COMMITTEES OR INTERNAL AUDIT PROCEDURES:**

The Internal Auditor reports administratively to the Chief Executive Officer and functionally to the Audit Committee of the Board of Directors.

The mission of Internal Audit is to ensure that the Bank's operations are conducted according to the highest standards by providing an independent, objective assurance function and by advising on best practice. Through a systematic and disciplined approach, Internal Audit helps the Bank accomplish its

objectives by evaluating and improving the effectiveness of risk management, control and governance processes.

## **6. HUMAN RESOURCES:**

The Bank in pursuing its mission recognized that this could only be achieved through well trained and highly motivated staff, and as such we are committed to developing, rewarding and motivating our employees to ensure the highest level of performance and professional conduct.

Our broad strategic objectives for the human resources continue to be the development of a multi-skilled, qualified, competent, and motivated work force committed to providing excellent customer service; building an enabling culture that recognizes and rewards performance and encourages teamwork; and maintenance of a harmonious industrial relations climate.

### **Performance Management System:**

The Performance Management System of the bank effectively measures employee performance with a view to closing gaps between desired and actual performance, using training and other developmental interventions where necessary.

### **Training and Development:**

Training and development focuses on two broad perspectives, i.e. technical and behavioural interventions.

Technical intervention development focuses on training and retraining employees in specific areas required for their job function, such as Credit Analysis, Accounting, and Information Technology etc. As such employees have participated in various training programmes specific to their needs.

Behavioural modification interventions are designed to focus staff on organizational culture, managing change, improving communication and developing leadership capabilities. Similarly, several members of staff have participated in various programmes such as team building, supervisory skills, time management etc.

### **Recruitment and Selection:**

The company's recruitment and selection policy seeks to attract and retain high quality personnel, obtain a 'person-job fit' and a 'person-organization fit', and promote transparency and equity.



## Compensation and Reward:

Our challenge for 2008 remains the ability to recruit and retain quality personnel with the salaries that are approved by the Chief Personnel Officer, which remain lower than the prevailing market rates in the general insurance and financial sectors.

## Industrial Relations:

The Bank operates in a unionized environment and we continue to work together in a collaborative framework to the satisfaction of all Stakeholders.

## **7. PROCUREMENT OF RESOURCES:**

### Tendering Procedures

The Bank's Tenders Policy outlines our procedures for the procurement of goods and services.

The Chairman of the Bank is the designated Chairperson of the Board Tenders Committee which also comprises the four members of the Board who are the members of the Credit and Finance Committee. This Committee evaluates tenders in respect of amounts in excess of TT\$100,000.00.

The Management Committee which comprises the Chief Executive Officer, Chief Operations Officer and the Chief Financial Officer, evaluates tenders in respect of amounts below TT\$100,000.00.

## **8. REPORTING FUNCTIONS:**

### 1. Departmental Reports:

The following reports are prepared for use by Management, Board Committees and Board of Directors: -

<b>REPORT NAME</b>	<b>PREPARED BY:</b>	<b>FREQUENCY</b>	<b>USED BY:</b>
Treasury Cash Flow Statement	Treasury	Daily	Management
Visitation Schedule Report	Credit	Weekly	Management
Outstanding Principal and Interest Report	Credit	Weekly	Management
Treasury Management Schedule	Credit	Weekly	Management

Cont'd

<b>REPORT NAME</b>	<b>PREPARED BY:</b>	<b>FREQUENCY</b>	<b>USED BY:</b>
Proposed work Schedule	Credit	Weekly	Management
Monthly Deliverables Report	Managers	Monthly	Management
Internal Auditors Report	Internal Auditor	Bi monthly	Audit and Finance Committee
Risk Update Report	Credit	Bi monthly	Management/Credit Committee
Marketing Report	Credit	Bi monthly	Management/Marketing Committee
Financial Statements	Finance	Monthly	Management/Board of Directors
Monthly Treasury Summary Report	Credit	Monthly	Management/Board of Directors
Human Resource Report	Human Resources	Bi monthly	Management/Board of Directors
Credits approved by Management, Board	CEO	Bi monthly	Board of Directors
CEO's Report	CEO	Bi monthly	Board of Directors

## 2. Reports to External Parties, (e.g.) Ministries, Central Bank of T&T)

The following standard reports are prepared for submission to external parties: -

<b>REPORT NAME</b>	<b>SUBMISSION DATE:</b>	<b>RECEIVING AGENCY</b>
Strategic Plan	3 months prior to start of Financial Year	Investments Division and Line Ministry
Annual Budget	2 months prior to commencement of Financial Year	Investments Division and Line Ministry
Annual Financial Statements	3 months after end of Financial Year	Investments Division and Line Ministry
Board Minutes	1 week following confirmation	Investments Division and Line Ministry
Cash Statements of Operations	Within 3 weeks after month end	Investments Division
Quarterly Reports	End of First month after Quarter	Investments Division
Status of Loan and Overdraft Portfolio	End of First month after Quarter	Investments Division
Key Personnel of Company Operations	January 31 <sup>st</sup> of each year	Central Bank of TT
Fit and Proper Reporting	March 31 <sup>st</sup> of each year (or within 14 days of appointment)	Central Bank of TT
Annual Returns	June 30 <sup>th</sup> each year	Central Bank of TT
Quarterly Returns	10 working days after end of quarter	Central Bank of TT
Reinsurance Arrangements	1 month within expiry of arrangement	Central Bank of TT
Agents and Salesmen	January 15 of each year	Central Bank of TT
Compliance Testing/Procedures/Systems	End of Financial year (by March 31)	Central Bank of TT

## **9. FINANCIAL OPERATIONS:**

The Finance Function is geared towards providing the Bank's internal and external customers and stakeholders with timely and accurate reporting (*As outlined in Note 8 Reporting Functions*).

### **9.1 Budget Formulation**

The strategic planning document informs the annual budget preparation.

For the year 2008 the SWOT and PEST analyses as well as an anticipated Equity injection of \$ 100M from the GORTTT allowed for projected growth in net profit for the year 2008.

The budget is done using a Zero-based approach which requires that every department's function is reviewed comprehensively and all expenditures be approved and justified in complete detail by each division manager starting from the zero-base.

As such three (3) months prior to year end each department head formulates a department budget based on short term objectives which have been pre-determined at the strategic planning sessions. This is forwarded to the CFO by the 15<sup>th</sup> of September for compilation into a comprehensive budget document.

The budget is then:

- Reviewed by the COO and CEO of EXIMBANK
- Reviewed and discussed at the Audit Committee Meeting..
- Forwarded to the Board of Directors for clarifications, amendments, revisions and approval.
- Forwarded to the respective government ministries for final review and approval.

### **9.2 Management Accounts**

On a monthly basis the management accounts are prepared.

This is completed by the 10<sup>th</sup> working day of each month and this information is critical to provide the Board of Directors with timely information for control and decision making to allow for achievement of EXIMBANK's goals and objectives.

### **9.3 Variance Analysis**

Included in the management report is a comprehensive report of Monthly (Month Actual) as well as Year to Date (YTD) Actual versus Budgeted figures by income and expenditure class and the resultant positive or negative variances. This gives the reader a clear view as to the company's ability to achieve its targeted performance as the year progresses.

### **9.4 Investment & Debt Policy**

The bank invests in financial instruments and maintains a balance between investments whilst maintaining sufficient liquidity to service the loan portfolio. The bank's investment and debt policy is so formulated to

mitigate against the major financial risk factors namely credit risk, market risk, liquidity risk and operational risks.

We would therefore examine the companies investment and debt policies by a review of these risk areas.

### **9.9.1 Credit Risk**

Credit Risk arises in lending and investing activities and it relates to the possibility that a counter party may fail to fulfill an obligation and thereby cause a financial loss to the company. The principal business of the bank is loans and advances and as such significant assts are responsible for a large percent of the revenue generated.

Exposure to credit risk is managed through credit policies, procedures and audit functions together with approved limits and also by obtaining collateral and corporate and personal guarantees.

#### **9.9.1.1 Credit Risk Management**

The Board of Directors maintains general oversight ensuring the strategic direction and credit philosophy is maintained and vests responsibility in the sub committees for the day to day decisions. The credit department is responsible for the management and administration of the credit portfolio whilst the Treasury Department oversees the Investment and Borrowing Portfolios. These two (2) departments ensure that current legislation, best practice and the credit and borrowing policies of the company are maintained.

#### **9.9.1.2 Credit Risk Measurement**

##### **a. Single and Group Borrower Limits**

The company on a regular basis rates the credit facilities and concentrates attention on the loan portfolio as the need arises. A risk limit control policy is in effect in relation to one borrower or groups of borrowers so that no single borrower default will have a material impact on the company. This is implemented and monitored by the Credit Department.

##### **b. Collateral**

The principal collateral types for loans and advances are personal guarantees, letters of assignments of receivables, mortgage bills of sale and where possible mortgages and debentures and promissory notes.

#### **9.9.1.3 Provisioning Policies**

Loan loss provisions are set aside to cover potential losses in respect of loans that are not performing satisfactorily. These provisions are reviewed annually or as the circumstance require and recommendations are made and submitted to the Board for approval. Non-performing loans recommended for write offs are

also reviewed annually and action taken in accordance with set guidelines.

### **9.9.2 Interest Rate Risk**

Interest rate risk arises due to fluctuations in market interest rates and this in turn will affect the value of financial instruments as well as future cash flows. The company aims to manage this risk by reducing the sensitivity of its earnings and overall portfolio value to fluctuations in the interest rate. This objective is achieved by periodically reviewing the price of loan products, diversifying portfolios and by making timely adjustments to the overall term to maturity based on the relevant economic and financial market conditions.

### **9.9.3 Currency Risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is exposed to the effects of changes in exchange rates on its financial position and cash flows.

The company's policy is to match the loans granted in foreign currencies with funding in the same currency. The principal currencies of the company are TT and US dollars.

### **9.9.4 Liquidity Risk**

Liquidity risk is the risk that the company does not have sufficient financial resources to meet its obligations and commitments as they fall due. The company's liquidity management system is so designed to ensure that the demands of customers for additional borrowings can be met, that the short term investments can be easily liquidated to meet day to day needs, and that there is a right mix of short term and long term debt portfolio. The company's Treasury Department manages the liquidity management process.

**EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED**

**FINANCIAL STATEMENTS**

**FOR MONTH ENDED**

**31ST DECEMBER 2008**

**EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED**  
**BALANCE SHEET**

	<u>Notes</u>	Actual Year to Date December <u>2008</u>	Actual Year to Date December <u>2007</u>
<b><u>ASSETS</u></b>			
<b>Current Assets:</b>			
Investments - Available-for-Sale	1	12,702,529	30,763,829
Accounts Receivable and Prepayments	2	23,384,816	15,867,046
Net Pre Shipment Advances		206,329,362	128,342,190
Net Discounting Facilities		24,222,687	27,620,451
Restructured Facilities		8,060,654	11,947,781
Cash in Hand and at Bank	3	1,921,305	4,821,193
<b>Total Current Assets</b>		<b><u>276,621,352</u></b>	<b><u>219,362,490</u></b>
<b>Non-Current Assets:</b>			
Fixed Assets	4	7,758,985	7,766,679
Investments - Held-to-Maturity	5	19,497,000	1,179,200
Deferred Tax		-	537,010
<b>Total Non-Current Assets</b>		<b><u>27,255,985</u></b>	<b><u>9,482,889</u></b>
<b>Total Assets</b>		<b><u>303,877,337</u></b>	<b><u>228,845,378</u></b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
<b>Current Liabilities</b>			
Bank Overdraft	6	53,155	1,738,344
Accounts Payable and Accruals	7	8,992,194	10,264,125
Trade Certificates		28,540	28,540
Credit Facilities	8	228,645,400	204,308,362
Taxation		9,000	9,000
<b>Total Current Liabilities</b>		<b><u>237,728,289</u></b>	<b><u>216,348,371</u></b>
<b>Non-Current Liabilities:</b>			
Deferred Tax		550,124	-
Provision for Unexpired Risks		73,507	106,159
Finance lease		-	-
<b>Total Non-Current Liabilities</b>		<b><u>623,631</u></b>	<b><u>106,159</u></b>
<b>Total Liabilities</b>		<b><u>238,351,920</u></b>	<b><u>216,454,530</u></b>
<b>Shareholders' Equity:</b>			
Share Capital		62,234,000	12,234,000
Special Reserve Fund		441,375	441,375
Investment Revaluation Surplus		0	0
Insurance Revaluation Reserve		615,612	615,612
Retained Profit/(Loss)		2,234,430	(900,139)
<b>Total Shareholders' Equity</b>		<b><u>65,525,417</u></b>	<b><u>12,390,848</u></b>
<b>Total Liabilities and Shareholders' Equity</b>		<b><u>303,877,337</u></b>	<b><u>228,845,378</u></b>

**EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED**  
**INCOME STATEMENT**

	Notes	Actual Year to Date December <u>2008</u>	Actual Year to Date January <u>2007</u>
Interest Income	9	24,494,503	18,609,260
Interest Expense		<u>(15,838,001)</u>	<u>(13,359,475)</u>
Net Interest Margin		8,656,502	5,249,785
Fees and Commissions		1,754,117	1,921,236
Result on Insurance Operations	12	1,362,969	2,204,504
Unexpired Risk Adjustment		32,652	16,670
Investment Income		3,141,873	2,094,259
Other Income	14	<u>223,237</u>	<u>559,178</u>
<b>TOTAL INCOME</b>		<u><b>15,171,350</b></u>	<u><b>12,045,632</b></u>
Loan Loss Provision		(1,204,543)	(149,739)
	2		
General Administrative Expenses	12	<u>(9,660,803)</u>	<u>(8,305,882)</u>
<b>TOTAL EXPENSES</b>		<u><b>(10,865,346)</b></u>	<u><b>(8,455,621)</b></u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>4,306,004</b>	<b>3,590,010</b>
Taxation	12	<u>(1,171,434)</u>	<u>(937,354)</u>
<b>(LOSS)/PROFIT AFTER TAXATION</b>		<u><b>3,134,570</b></u>	<u><b>2,652,656</b></u>



**EXPORT IMPORT BANK OF TRINIDAD AND TOBAGO LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

	Share Capital	Statutory Surplus Reserve	Investment Revaluation Reserve	Special Reserve	Retained Earnings	TOTAL
Balance at 1st December 2008	12,234,000	615,612	-	441,375	(900,139)	12,390,848
New Equity	50,000,000					50,000,000
Net profit for the period	-	-	-	-	3,134,569	3,134,569
<b>Balance at 31st December 2008</b>	<b>62,234,000</b>	<b>615,612</b>	<b>-</b>	<b>441,375</b>	<b>2,234,430</b>	<b>65,525,417</b>
	Share Capital	Statutory Surplus Reserve	Investment Revaluation Reserve	Special Reserve	Retained Earnings	TOTAL
Balance at 1st December 2007	12,234,000	615,612	-	441,375	(3,552,796)	9,738,191
Net profit for the period	-	-	-	-	2,652,657	2,652,657
<b>Balance at 31st December 2007</b>	<b>12,234,000</b>	<b>615,612</b>	<b>-</b>	<b>441,375</b>	<b>(900,139)</b>	<b>12,390,848</b>