PREPARING FOR A NEW BEGINNING

ANNUAL REPORT 2015

DIC Deposit Insurance Corporation

DIC

Deposit
Insurance
Corporation

ABOUT THE DIC

The **Deposit Insurance Corporation (DIC)** was established by the Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986 which amended the Central Bank Act Chapter 79:02.

The DIC insures depositors in all institutions licensed to operate under the Financial Institutions Act, 2008. Deposit insurance is payable only when an institution has been closed as a result of action taken by the Central Bank of Trinidad and Tobago.

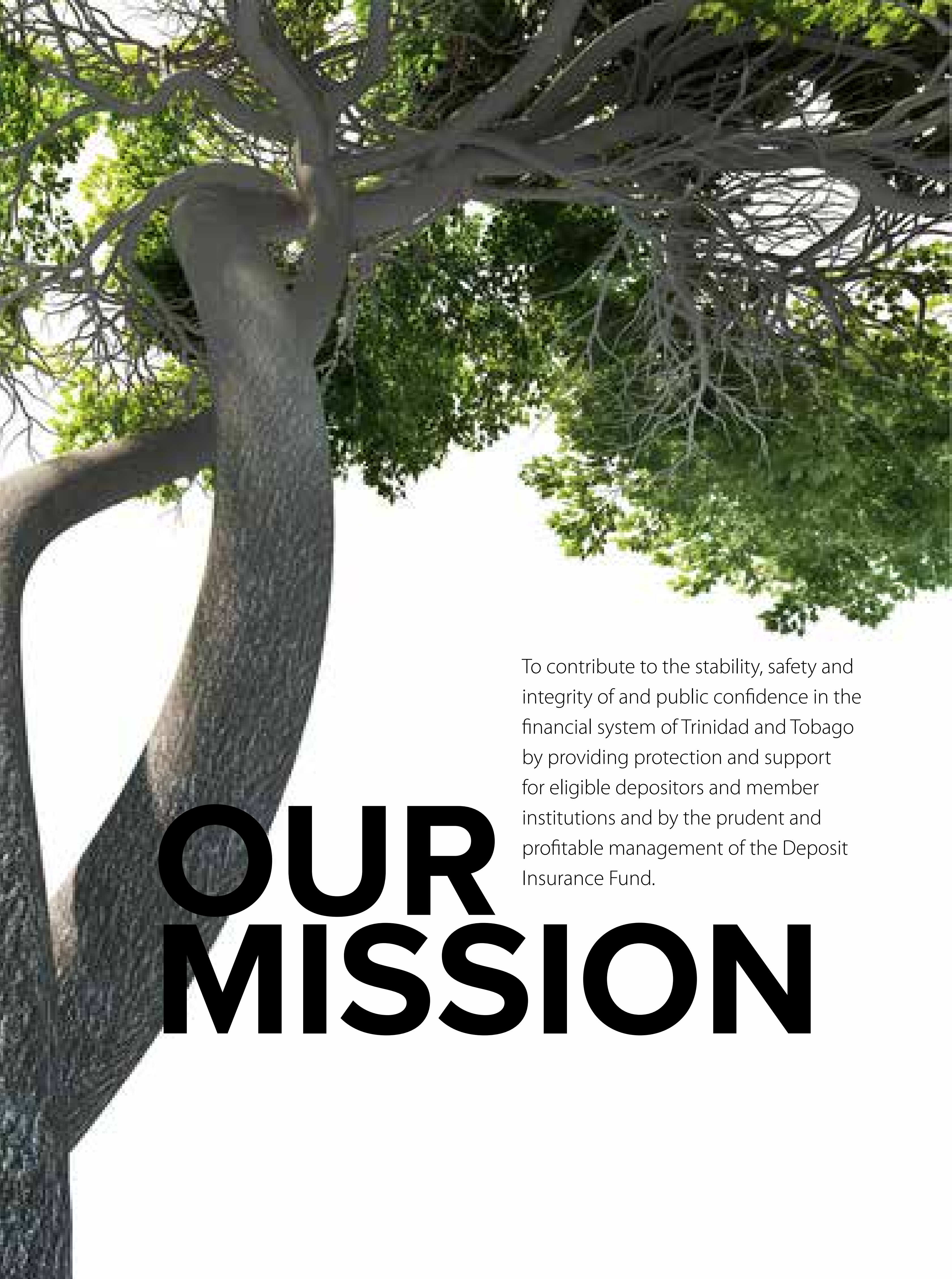
Depositors in all licensed financial institutions are insured up to a maximum of TT $125,000. Only deposits held in Trinidad and Tobago and payable in Trinidad and Tobago dollars are insured.

The DIC is financed mainly by contributions and annual premiums levied on licensed member institutions. While the Corporation is empowered to borrow, special premiums can also be levied on all member institutions should the demand on the Fund exceed its resources.

As a member of the financial safety net, the Deposit Insurance Corporation has contributed to rebuilding confidence in Trinidad and Tobago's financial institutions and the financial system since the difficulties of 1986. The Financial Institutions Act, 2008, and other improvements in the system of inspection and supervision of licensed financial institutions have also contributed to the reduction in the risk of failure.

OUR VISION

To become a pro-active and efficient deposit insurance system, evolving to meet the ever changing needs of a modern society.



OUR MISSION

To contribute to the stability, safety and integrity of and public confidence in the financial system of Trinidad and Tobago by providing protection and support for eligible depositors and member institutions and by the prudent and profitable management of the Deposit Insurance Fund.

CONTENTS

YEAR IN REVIEW 2015

Six years after the world economy emerged from a deep recession, a return to growth remains elusive — global economic activity remained subdued throughout 2015, and growth in emerging markets and developing economies declined for a fifth consecutive year with advanced economies seeing only a modest recovery.

In Trinidad and Tobago, the country is experiencing a terms of trade shock driven by the marked decline in the price of energy exports in relation to imports, compounded by a fall in the volume of domestic output of oil and natural gas.

As a result, economic growth prospects remained subdued amid weak business and consumer confidence and depressed domestic economic activity. It is estimated that, by the end of 2015, real Gross Domestic Product will have contracted by 2.0 per cent. Meanwhile, Trinidad and Tobago's unemployment rate stood at 3.7 percent in the second quarter of fiscal 2015, up from 3.3 percent in the first quarter.

Despite weak economic performance, the financial services sector remained stable and profitable. Nonetheless, the contraction of the economy reinforces the role for a strong deposit insurance system as part of the national financial safety net.

In this regard, the DIC registered a creditable performance in 2015. As at September 2015, the balance on the Deposit Insurance Fund stood at $2,587.8 million, an increase of 9 per cent year-on-year, driven largely by premiums and interest income.

It was on the international front that the DIC marked its most significant achievement for the year 2015, however: The organisation was the proud host of the XIII Annual General Meeting (AGM) and 43rd Annual Conference of the International Association of Deposit Insurers (IADI). It was a first for the DIC and for Trinidad and Tobago.

With over 160 international attendees from 60 jurisdictions, this was an ideal forum for the DIC to share its perspectives on the financial safety net and deposit insurance systems. In addition, the sustained focus of the Conference on matters related to the revised IADI Core Principles was particularly valuable to the DIC as it continued its ongoing self-assessment programme vis a vis the principle, which is expected to identify areas for improvement in the DIC's operations.

The theme of this Annual Report — On the Threshold of Change — is indeed appropriate. The year 2015 saw an intensification of preparations for the Corporation's relocation to its first and solely owned property at 19-20 Victoria Square West, Port of Spain, which will take place in December 2015. It is therefore fitting that all members of staff be recognised for their enthusiasm and sterling contribution as the DIC prepares for a new milestone in the next fiscal year.

BOARD MEMBERS

FOR THE FINANCIAL YEAR
OCTOBER 1, 2014 TO SEPTEMBER 30, 2015

Mr. Jwala Rambarran

CHAIRMAN
(Directorship ended August 16, 2015)

Mr. Rambarran was appointed to the position of Governor of the Central Bank of Trinidad and Tobago on July 17, 2012.

Mr. Rambarran is no stranger to the Central Bank having worked with the Bank for approximately fourteen (14) years. During his tenure at the Bank, he represented Trinidad and Tobago as Technical Assistant in the Office of the Executive Director of the International Monetary Fund (IMF) from April 1, 2001 to March 31, 2003. In the IMF, Trinidad and Tobago is part of a constituency that includes Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama and Suriname.

Mr. Rambarran left the Bank in March 2004 to assume the position of Chief Economist at Caribbean Money Market Brokers (CMMB) before he embarked on his own business, CAP-M Research. He was the Chairman of the Board of Governors of The National Institute of Higher Education, Research, Science and Technology (NIHERST) and a member of the National Commission for Higher Education. Mr. Rambarran is a former Fatima College student and a past Government Scholar having attained a scholarship in 1987.

He holds a Bachelor of Science (Upper Second Class Honours) Degree in Economics and Mathematics from the University of the West Indies, St. Augustine Campus and a Masters of Science (Honours) Degree in Financial Economics from the University of London. Mr. Rambarran is also a Graduate of executive economic and financial training programmes from Harvard Kennedy School of Government, the IMF Institute and the Federal Reserve Bank of New York.

In 2010, Mr. Rambarran was recognized by the University of the West Indies, St. Augustine Campus, as one of the 50 Distinguished Alumnus in celebration of the Campus' 50th anniversary celebrations.

Mr. Hayden Manzano

DIRECTOR
(Appointment effective December 5, 2014)

Mr. Manzano, an experienced public finance professional, has served with the Ministry of Finance, since 1995. He is currently Director, Economic Research and Policy Coordination of the Ministry of Finance, where he manages the Research Unit of the Investments Division which entails: Planning, organising and directing the functions of the Research Unit; Preparing regular reviews of the Economy as it relates to the State Enterprises Sector; Reviewing the economic performance of the State Enterprises Investment Programme; Ensuring adherence to the tenets of the State Enterprises Performance and Monitoring Manual (SEPMM) as it relates to established Reporting Procedures and Governance; Ensuring the proper creation, development and maintenance of systems for the collection, storage and retrieval of research data and reports of the State Enterprises Sector, and; Assisting in the installment of Boards and Committees for State Entities.

Mr. Manzano holds an MPA in International and Public Affairs (Economic Policy Management) from Columbia University in the City of New York; a BSc. (Hons) in Economics and Management from the University of the West Indies and a Diploma in Tourism Planning and Development from Galilee College, Israel. He has received extensive training in Macroeconomics, Fiscal and Debt Management, and Trade Policy from the World Bank, Columbia University, and the IMF Institute. He has conducted research in Economic Growth, Fiscal Policy, Wage Determination and Inflation for both Academia and Public Policy Development.

Mr. Jeewan Kowlessar

DIRECTOR
(Appointment effective December 5, 2014)

Mr. Kowlessar is the Internal Auditor for the Sport Company of Trinidad and Tobago. He is a graduate of Hillview College and holds a BSc Special in Accounting from the University of the West Indies. He has completed ACCA Levels 1, 2.1, 2.2, 2.3 and 2.4.

Mr. Kowlessar began his career as Audit Manager of the Sunny Group of Companies, then became the Group Auditor at Ansa McAL Head Office. Following a three-year stint with Financial Concepts Ltd., he served as Financial Controller for Sat Naam Industries Limited, which has retail and manufacturing operations in Trinidad, Grenada and Singapore. He returned to the Sunny Group of Companies as Senior Accountant before joining the Sport Company of Trinidad and Tobago in 2015.

Mr. Kowlessar has extensive experience in financial record keeping, reporting and analysis, as well as the design and implementation of Information Systems procedures to ensure accountability, efficiency and appropriate audit trails across both the financial and operational aspects of organisations. His career has also seen him play a key strategic role in the development of new business ventures, with a significant emphasis on cost planning and profitability analysis.

Mr. Kowlessar served as a Lecturer at the College of Science, Technology and Applied Arts of Trinidad and Tobago from 2005 to 2009.

Mr. Naveen Lalla

DIRECTOR
(Appointment effective January 28, 2015)

Mr. Lalla is currently the Manager in charge of Pension and Insurance Intermediary Supervision at the Central Bank of Trinidad and Tobago. A regulator for over 15 years, Mr. Lalla has had the very unique opportunity of managing each division of Supervision at the Central Bank, i.e. banking, insurance, pensions, intermediaries and market conduct.

This wide-ranging experience has placed Mr. Lalla as a key resource in many of the Bank's strategic objectives over the years, ranging from pension reform, to insurance reform, to Anti Money Laundering and the Combatting of Terrorist Financing and FATCA.

In addition to his membership on the Board of Directors of the Deposit Insurance Corporation of Trinidad and Tobago, Mr. Lalla is currently a member the Council of Trustees of the Trinidad and Tobago Insurance Institute.

In the past, Mr. Lalla has held directorship positions at the Institute of Banking and Finance of Trinidad and Tobago and was a member of the inaugural executive of the Caribbean Association of Pensions Supervisors.

Ms. Svetlana Dass

DIRECTOR
(Appointment effective April 1, 2015)

Svetlana Dass holds a Bachelor of Laws degree (LLB) with Upper Second Class Honours from the University of the West Indies and a Legal Education Certificate (Honour Roll) from Hugh Wooding Law School.

She launched her legal career in the public service in 2005 and has served as legal counsel and advisor in several government agencies over the years. She holds the substantive post of State Solicitor with the Ministry of the Attorney and Legal Affairs where she has gained extensive experience in public law, civil litigation, contracts, conveyancing and commercial matters.

Ms. Dass has served as Senior Legal Officer at the Ministry of Agriculture, Land and Fisheries. As part of that Ministry she was called upon to give legal advice on all aspects concerning the functioning of the organization which included preparation of contracts and other legal documents, advising on human resource and employment issues as well as reviewing and amending of legislation pertinent to the Ministry. She has also served as Head of the Legal Department (Acting) at the Office of the Ombudsman where she advised on matters falling under the purview of the Ombudsman.

Ms. Dass is currently pursuing her Master of Laws degree in Corporate and Commercial Law at the University of the West Indies.

CORPORATE PROFILE

OFFICE

Level 11

Central Bank Building

Eric Williams Plaza

Independence Square

Port of Spain

Tel: 868 625-5020/1

Hotline: 800-4DIC

Fax: 868 623-5311

E-Mail: info@dictt.org

Website: www.dictt.org

BANKER

Central Bank of Trinidad and Tobago

Central Bank Building

Eric Williams Plaza

Independence Square

Port of Spain

AUDITOR

KPMG

Trinre Building

69-71 Edward Street

P.O. Box 1328

Port of Spain

MEMBER INSTITUTIONS

ANSA Merchant Bank Limited

Bank of Baroda (Trinidad and Tobago) Limited

Caribbean Finance Company Limited

Citibank (Trinidad and Tobago) Limited

Citicorp Merchant Bank Limited

Development Finance Limited

Fidelity Finance and Leasing Company Limited

FirstCaribbean International Bank (Trinidad and Tobago) Limited

First Citizens Bank Limited

First Citizens Asset Management Limited

First Citizens Trustee Services Limited

Guardian Group Trust Limited

Intercommercial Bank Limited

Intercommercial Trust and Merchant Bank Limited

Island Finance Trinidad and Tobago Limited

Massy Finance GFC Limited

NCB Global Finance Limited

RBC Royal Bank (Trinidad and Tobago) Limited

RBC Investment Management (Caribbean) Limited

RBC Merchant Bank (Caribbean) Limited

RBC Trust (Trinidad and Tobago) Limited

Republic Bank Limited

Republic Finance and Merchant Bank Limited

Scotiabank Trinidad and Tobago Limited

Scotia Investments (Trinidad and Tobago) Limited

THE DIC TEAM

Arjoon Harripaul
General Manager

Jacqueline Fermin
Head, Corporate Services and Finance

Gemma Henry
Executive Secretary

Maurice Duprey
Office Assistant/Courier

Onifa Olusegun-Murray
Hospitality Attendant

Noel Nunes
Senior Insurance & Planning Officer

Raisa Gomez
Research Officer

Riad Mohammed
Research/Database Assistant

Ingrid White-Wilson
Legal Counsel/Corporate Secretary

Dixie-Ann Thom
Communications Technician

Crystal-Ann Graham
Liquidations Assistant

Shivana Khan
Finance, Research & Market Analyst

Allison Field
Assistant Accountant

Jacqueline Davis-McKree
Accounting Assistant

Eon Crichlow
Technical Analyst

Nicholas Ramsey
Business Analyst

Jennifer Singh
Administrative Assistant

Management Discussion and Analysis

FINANCIAL HIGHLIGHTS

BALANCE SHEET AS AT	SEPT 30, 2015 $M	SEPT 30, 2014 $M	SEPT 30, 2013 $M	SEPT 30, 2012 $M	SEPT 30, 2011 $M
TOTAL ASSETS AT THE END OF THE YEAR	*2,591.5 (9%)*	*2,376.1 (10%)*	*2,167.8 (10%)*	*1,973.7 (11%)*	*1,784.1 (12%)*
FUND BALANCE AT THE END OF THE YEAR	*2,587.8 (9%)*	*2,373.6 (10%)*	*2,165.9 (10%)*	*1,972.0 (11%)*	*1,782.3 (12%)*
INVESTMENT PORTFOLIO	*2,438.2 (4%)*	*2,335.4 (10%)*	*2,129.0 (10%)*	*1,934.1 (11%)*	*1,750.3 (12%)*

STATEMENT OF NET INCOME AND DEPOSIT INSURANCE FUND FOR THE YEAR ENDED	SEPT 30, 2015 $M	SEPT 30, 2014 $M	SEPT 30, 2013 $M	SEPT 30, 2012 $M	SEPT 30, 2011 $M
NET INCOME FOR THE YEAR	*214.3 (3%)*	*207.6 (7%)*	*194.9 (3%)*	*188.8 (-0.05%)*	*188.9 (4%)*
INTEREST EARNED	*81.3 (-0.6%)*	*86.4 (-0.4%)*	*89.7 (0.1%)*	*89.6 (-8.76%)*	*98.2 (-5%)*
PREMIUM INCOME	*154.1 (10%)*	*139.6 (12%)*	*125.2 (10%)*	*114.2 (10%)*	*103.0 (16%)*
EXPENSES	*21.6 (15%)*	*18.8 (-0.7%)*	*20.3 (30%)*	*15.6 (18%)*	*13.2 (23%)*

NOTE: The figures in parenthesis represent percentage changes from the previous year.
All are increases except where shown with (-).

All dollar values in this section are in Trinidad and Tobago dollars.

DEPOSIT INSURANCE FUND

Section 44K of the Central Bank Act Chapter 79:02 as amended by the Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986 provides for the establishment of the Deposit Insurance Fund. The Deposit Insurance Corporation is responsible for the management of the Fund which is to be used for the payment of deposit insurance claims if a member institution fails. Membership in the Fund is compulsory for all institutions that are licensed by the Central Bank of Trinidad and Tobago, under the Financial Institutions Act, 2008.

The balance on the ***Deposit Insurance Fund*** as at September, 2015 was $2,587.8 million, an increase of 9 per cent year-on-year. The main sources of growth in the Fund were premiums and interest income (after expenses). The growth of the Fund over the past five years is illustrated in Chart I.

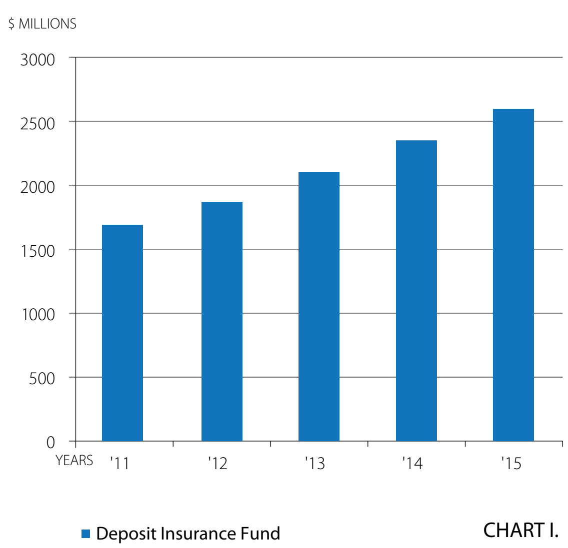


CHART I.

Net Income, which represents total income less operating expenses, for the financial year ended September 30, 2015 amounted to $214.3 million compared to $207.6 million year-on-year. This represented an increase of $6.7 million or 3 per cent more than the amount recorded for the 2014 financial year.

Total Income realized over the period amounted to $235.9 million, an increase of $9.5 million more than the amount recorded for the financial year ended September 30, 2014. The ***Total Expenses*** used to manage the Fund amounted to $21.6million; compared to $18.8 million for the financial year ended September 30, 2014.

The two main contributors to income are ***Interest Earned*** and ***Annual Premiums***. The annual increases in these items provide the impetus to the growth of the Fund. These two areas are examined below in greater detail.

INTEREST INCOME

Interest or investment income is generated by the Corporation's investment activity. During the financial year which ended September 30, 2015, the portfolio earned $81.3 million; compared to $86.4 million earned the previous financial year. Over the 2015 financial year, market rates continued o trend downward when compared to the previous years. The average yield on short-term securities stood at 1.04 per cent at the end of the financial year. In relation to long-term securities, the average yield was 4.17 per cent up from 3.79 per cent, year-on-year. Overall, the average yield on the investment portfolio for the financial year ended September 30, 2015 was 3.15 per cent compared to 3.61 per cent as at the previous financial year end. Chart II below illustrates the interest earned over the past five years.

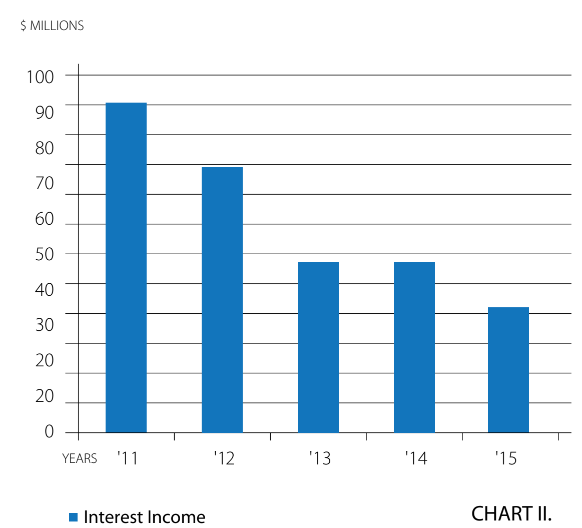


CHART II.

All dollar values in this section are in Trinidad and Tobago dollars.

ANNUAL PREMIUMS

The Corporation is mandated by law to levy each member institution and record contributions to the Deposit Insurance Fund; the first contribution is made six (6) months after the institution acquires membership status (initial contribution). Another levy follows twelve (12) months after admittance (first annual premium) and thereafter levies are made on institutions once annually at the beginning of every calendar year (annual premium). Two Bye-Laws provide the basis for which the levy is to be made. The rate for the initial contribution which must be matched equally by a contribution from the Central Bank of Trinidad and Tobago is fixed at 0.4 per centum of the aggregate of the deposit liabilities. However, for the first and subsequent annual premiums, a fixed rate of 0.2 per centum of the aggregate of the deposit liabilities applies. The dates used in the computation are specified in the Bye-Laws.

Annual Premiums were levied and collected from twenty-four (24) member institutions for the financial year ended September 30, 2015 amounting to $154.1 million; an increase of 10 per cent compared with $139.6 million collected in 2014. Chart III below illustrates the growth of annual premiums over the past five years.

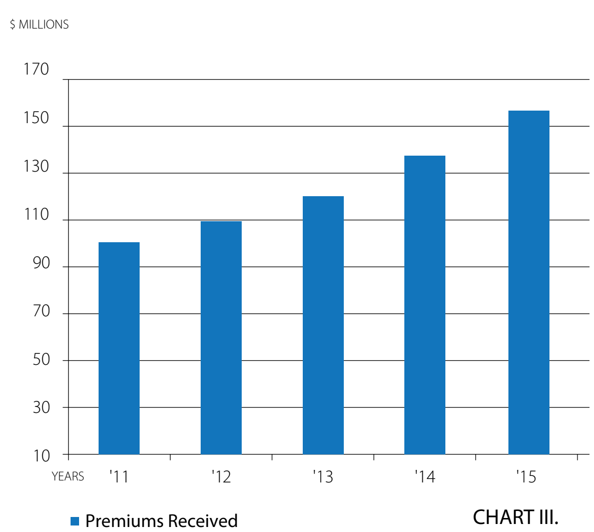


CHART III.

Annual premiums increased between 2014 and 2015 mainly due to the growth in deposit liabilities of member institutions between the calendar years 2013 and 2014. (Annual Premiums are computed for a calendar year by applying a fixed rate to the quarterly average of the prior calendar year's aggregate deposit liabilities of each member institution). In relation to the membership of the Fund, the total number stood at twenty-five (25) member institutions as at September 30, 2015.

There was one (1) addition and one (1) amalgamation to the Fund's membership over the reporting period. Firstly, Scotia Investments (Trinidad and Tobago) Limited received their license to conduct business of a financial nature under Section 21 (3) of the Financial Institutions Act, 2008; effective June 17, 2015. Following the addition of Scotia Investments (Trinidad and Tobago) Limited, Scotiabank Trinidad and Tobago Limited (SBTT) announced the amalgamation of SBTT and Scotiatrust and Merchant Bank Trinidad and Tobago Limited pursuant to Section 223 of the Companies Act; with SBTT having responsibility for the obligations of Scotiatrust. In addition to these changes, Guardian Asset Management Limited changed its name to Guardian Group Trust Limited. This change was the result of a rebranding and restructuring exercise.

INVESTMENTS

(a) Primary Investment Objectives and Approved Investment Categories

The Corporation has the power in the legislation under which it is governed, to "…accumulate, manage and invest funds collected". The Board of Management has approved an Investment Policy which guides the Corporation's investment activities through specified investment objectives and approved investment categories.

The primary investment objectives for managing the portfolio of the Fund are as follows:-

(i) Maintenance of Capital Value

This requires that all investments be of a very high quality, in terms of the ability of the investee to meet its obligations to the Corporation and the legal arrangements which are in place to protect the Corporation as an investor.

(ii) Provision of an Adequate Liquidity Profile

Investment choices and the periods for which the investments are placed should be informed by potential, anticipated or contingent deposit insurance payouts, as well as, conditions operating in the banking and financial sectors. At present all investments held by the Corporation are readily realisable and convertible into cash.

All dollar values in this section are in Trinidad and Tobago dollars.

(iii) Reasonable Growth of the Fund

Although the best efforts should be made to grow the Fund, this should only be undertaken subject to the other two (2) objectives described at (i) and (ii), above being satisfied. A standard of what would be considered reasonable is based on a margin above the risk free interest rate. The growth rate of the Fund is significantly guided by the two objectives at (i) and (ii) above.

The ***approved investment categories*** are as follows:-

- Deposits in Member Institutions and fixed income mutual funds (0-50 per cent of the portfolio).
- Corporate Securities (0-20 per cent of the portfolio).
- Trinidad and Tobago Government Securities (20-100 per cent of the portfolio).
- Foreign Investments (0-30 per cent of the portfolio).

(b) Status of the Investment Portfolio

The size of the investment portfolio as at September 30, 2015 was $2,438.2 million; an increase of $102.8 million or 4 per cent year-on-year. Chart IV below illustrates the growth of the investment portfolio over the past five years.

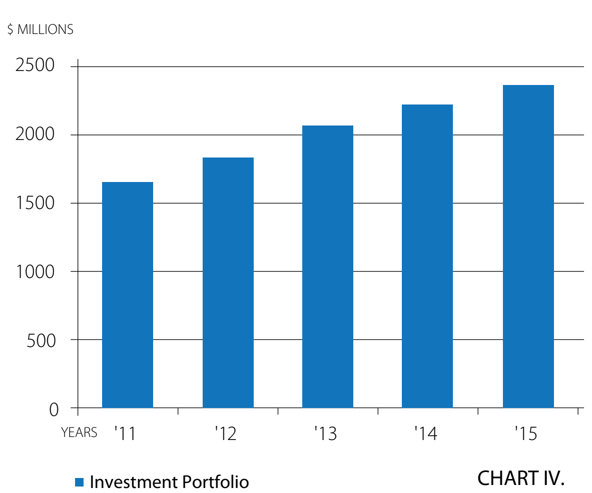


CHART IV.

All dollar values in this section are in Trinidad and Tobago dollars.

The mix of the investment portfolio as at September 30, 2015 and 2014 respectively was as follows:

INVESTMENT CATEGORY	% OF PORTFOLIO SEPTEMBER 30, 2015	% OF PORTFOLIO SEPTEMBER 30, 2014
[1]Deposits and MMFs	1	6
Corporate Securities	5	3
Government Securities	94	91

As indicated previously, the average yield on the portfolio fell slightly during the financial year; 3.15 per cent as at September 30, 2015 compared to 3.61 per cent one year prior. This slight drop in yields was experienced across all categories of investments and was a reflection of the market conditions which prevailed throughout the financial year 2015.

Deposits

Within the financial year, deposit balances decreased by $130.3 million. The balance of deposits as at September 30, 2015 was $12 million compared to $142.3 million as at September 30, 2014. Holdings of fixed income mutual funds remained the same at $4.2 million year-on-year. Deposits represented 1 per cent of the investment portfolio as at September 30, 2015.

Corporate Securities

As at September 30, 2015 corporate securities stood at $133.3 million compared to $72.4 million one year prior; representing an increase by $60.9 million. The average yield on Corporate Securities decreased to 3.07 per cent as at September 30, 2015 down from 5 per cent one year prior. Corporate securities represented 5 per cent of the investment portfolio as at September 30, 2015.

Government Securities

Approved instruments with respect to Trinidad and Tobago Government Securities, include Treasury Bills, Treasury Notes and Government Bonds.

Treasury Bills

Over the financial year 2015 investment activity in Treasury Bills resumed. As at September 30, 2015 Treasury Bills stood at $66 million; there were no holdings of Treasury Bills as at September 30, 2014. The average yield on Treasury Bills was 1.04 per cent as at September 30, 2015 and Treasury Bills represented 3 per cent of the investment portfolio as at September 30, 2015.

[1] Deposits and MMFs represent deposits held in member institutions and money market investments held in the Trinidad and Tobago Unit Trust Corporation and the Home Mortgage Bank.

As at September 30, 2015 holdings of Treasury Notes stood at $902.2 million; up from $574.6 million as at September 30, 2014. The average yield on Treasury Notes dropped to 1.84 per cent as at September 30, 2015 from 2.12 per cent one year prior. Treasury Notes represented 37 per cent of the portfolio as at the end of financial year compared to 25 per cent one year prior.

Government Bonds

Holdings of Government Bonds decreased significantly over the period; down to $1,320.5 million as at September 30, 2015 compared to $1,546 million one year prior; a decrease of $225.5 million. The average yield on Government Bonds dropped to 4.17 per cent; down from 4.41 per cent year-on-year. As at the end of the financial year 2015, Government Bonds represented 54 per cent of the portfolio compared to 66 per cent as at September 30, 2014.

LIQUIDATION

Since its establishment, the Corporation has paid insurance claims to the depositors of nine (9) institutions which were closed by the CBTT and classified as failed institutions. For each of these failures, the Corporation was appointed the liquidator by the High Court of Trinidad and Tobago. The most recent appointment has been the Corporation's appointment as Liquidator of CIB. This came into effect on October 17, 2011 when the High Court ruled that CIB be wound up under the provisions of the Companies Act, Chapter 18:01 and the DIC be appointed Liquidator of the company.

To date, three (3) of the liquidations have been completed, while six (6) institutions remain under the Corporation's purview. The Corporation is still in the process of liquidating the assets of CIB with a view to settling claims due to its unsecured creditors. The other five (5) companies in liquidation are all awaiting resolution of legal matters before official winding up can be completed.

RISK ASSESSMENT

During the 2015 financial year, risk assessment focused on the following critical areas:

- Exploring the tenets of alternative failure resolution methodologies that are used to resolve distressed banks before they fail and are placed into receivership or liquidation. These approaches are beneficial to the delivery of financial stability since they avoid the additional burdens placed on a financial system during a liquidation;
- Collaborating with the DIC's Legal Department as well as representatives from the Central Bank of Trinidad and Tobago, the Ministry of Finance and the Legislative Drafting Department of the Ministry of the Attorney General and Legal Affairs with regards to amending DIC's legislation to establish a credit union protection fund;
- Working with a team of experts from the Central Bank of Trinidad and Tobago, the Ministry of Finance, Trinidad and Tobago Securities and Exchange Commission that were established as a task force to develop a communication plan for the Financial Crisis Management Group.

INTERNATIONAL OUTREACH

The DIC maintained its international participation in IADI and related events over the financial year 2015. This resulted in DIC making significant contributions towards decisions and approvals on key deposit insurance topics, improving its knowledge and awareness on key issues affecting deposit insurance systems worldwide and regionally and gaining international recognition for having hosted the IADI's flagship event, the 13th Annual General Meeting and Annual Conference in Port of Spain, Trinidad in October 2014.

Other achievements garnered through participation at international events over the financial year 2015 were:

- International recognition specifically from the Government of the British Virgin Islands; having provided technical assistance in setting up a deposit insurance system for the British Virgin Islands. This resulted from a meeting hosted by the Ministry of Finance of the British Virgin Islands in January 2015.
- Additional recognition in the international arena; having assisted the Federal Deposit Insurance Corporation (FDIC) in structuring FDIC - 101: a Pilot Course in Deposit Insurance. This took place in Washington, D.C in April 2015.
- Maintaining DICTT's international presence and the Caribbean region's by contributing to the IADI's approved budget, meetings with the external auditors and various research and guidance papers at the IADI's 44th Executive Council Meeting and Standing Committee Meetings held in Bogota, Colombia in March 2015 and the IADI's 45th Executive Council Meeting and Standing Committee Meetings held in Basel, Switzerland in June 2015.

CHANGES IN THE BOARD OF MANAGEMENT

Over the financial year 2015, changes in the Board of Management were as follows:

DEPARTURES

NAME	*APPOINTMENT*	*DATE OF EXPIRATION*
Mr. Jwala Rambarran	Director	August 16, 2015

APPOINTMENTS

NAME	*APPOINTMENT*	*DATE OF APPOINTMENT*
Mr. Hayden Manzano	Director for a period of three (3) years from the date of appointment; representing the Ministry of Finance and replacing Ms. Michelle Durham-Kissoon	December 5, 2014
Mr. Jeewan Kowlessar	Director for a period of three (3) years from the date of appointment; replacing Mr. Vickram Joadsingh	December 5, 2014
Mr. Naveen Lalla	Director for a period of three (3) years from the date of appointment; representing the Central Bank of Trinidad and Tobago and replacing Dr. Earl Boodoo	January 28, 2015
Ms. Svetlana Dass	Director for a period of three (3) years from the date of appointment; replacing Ms. Saleema Hosein	April 1, 2015

PERFORMANCE REPORT 2015

The Trinidad and Tobago economy continued to exhibit signs of strain during 2015, with a contraction in Real Gross Domestic Product of 1.9 per cent during the first nine months of the year, largely as a result of declining performance in the energy sector. Monetary policy conditions tightened as evidenced by an increase in the Repo rate by 150 basis points to 4.50 percent by September 30, 2015 and the shift in commercial banks' median prime lending rate from 7.50 per cent to 8.50 per cent.

However, the financial sector continued to be stable and secure. Capital adequacy ratios for the banking system remained above the 8 per cent regulatory benchmark when interest rate, foreign exchange, credit, property price and liquidity shocks were applied.

For the DIC, 2015 was a milestone year, given that the organisation hosted the XIII Annual General Meeting (AGM) and 43rd Annual Conference of the International Association of Deposit Insurers (IADI). This was the first time that this flagship IADI event took place in Trinidad and Tobago.

The AGM and Conference, which took place on October 20-24, 2014 at the Hyatt Regency in Port of Spain, was attended by more than 160 international participants from 60 foreign jurisdictions. It was presided over by Mr. Jerzy Pruski, President of the Management Board of the Bank Guarantee Fund and President and Chair of IADI's Executive Council.

The Annual Conference was entitled "Updated Core Principles to Strengthen the Financial Stability Architecture."

The AGM saw the approval by the Executive Council of the revised IADI Core Principles for Effective Deposit Insurance Systems. The updated Core Principles were then presented to the Annual General Meeting of the Association.

In his keynote address to the Conference, DIC Chairman, Mr. Jwala Rambarran discussed the process of restoring financial stability, touching on the advancement of recently introduced regulatory reform packages aimed at greater stability of financial systems, based on stronger capital and liquidity requirements, tougher supervision and reduction of risks posed by financial institutions.

Other Conference activities focused on the Core Principles updates, which strengthen deposit insurance standards in several areas, including coverage, funding and governance, adding more guidance on the deposit insurer's role in crisis preparedness and management and reflecting the greater role played by many deposit insurers in resolution regimes. The Conference also highlighted challenges associated with applying the updated Core Principles to different mandates, settings and structures.

Addresses were delivered by Ms. Christine Cumming of the Federal Reserve Bank of New York, who spoke on the responsibilities of deposit insurers in Crisis Management and

Crisis Preparedness and Mr. Thomas M. Hoenig, Federal Deposit Insurance Corporation, USA, who elaborated on mitigating moral hazard and strengthening public confidence in the financial system.

The IADI AGM and Annual Conference were accompanied by a number of IADI committee and sub-committee meetings, as well as IADI working group meetings, with a representative of the Bank Guarantee Fund chairing the meeting of the Subcommittee on Bail-in implications for deposit insurance and funding.

Elsewhere on the international front, the DIC continued to contribute to IADI's Executive Council Meetings. In addition to participating in the Audit Committee, the DIC sat on the Membership and Communications Committee, which approved applications for IADI Membership from the Bank of Slovenia, the State Agency for Deposit Insurance and Bank Rehabilitation of Croatia, the Norwegian Banks' Guarantee Fund, and Fondo de Garantias de Entidaded Cooperatives of Colombia.

The DIC, as a member of the Research and Guidance Committees also reviewed and commented on papers related to Bail-in, Coverage Limit, Cross-Border issues, DI Fund Target Ratio, Recovery of Failed Banks' Assets, Resolution Issues for Financial Cooperatives, revision of Core Principles, Payout Process, and Evaluation of DIF Sufficiency.

The Corporation as a member of the Training and Conference Committee, submitted comments on Capacity Building Program, and Materials for Executive Training, as well as the IADI's Subcommittees research papers on Purchase and Assumption and Resolution Issues of Financial Cooperatives.

The DIC was also selected by the Federal Deposit Insurance Corporation (FDIC) to assist with the development of an international pilot training program for deposit insurers, central bankers, bank supervisors and government officials at the decision making level. Closer to home in the Caribbean, the DIC facilitated the execution of a Memorandum of Cooperation by all Members of the Caribbean Regional Committee (CRC) to accommodate the exchange of data between the CRC's Member deposit insurance systems.

Locally, the DIC continued its contribution to the development of Trinidad and Tobago's National Financial Crisis Management Plan, as part of a Task force, which includes the Central Bank of Trinidad and Tobago, the Ministry of Finance and the Economy, and the Securities and Exchange Commission.

FINANCIAL STATEMENTS 2015

INDEX

DIC
DEPOSIT INSURANCE CORPORATION
19-20 Victoria Square West, Port-of-Spain, Trinidad, West Indies
Tel: 1- 868 - 285-9342 · Fax No.: 1- 868 - 623-5311· E-mail: info@dictt.org · Website: www.dictt.org

STATEMENT OF MANAGEMENT RESPONSIBILITIES

It is the responsibility of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Deposit Insurance Corporation as at the end of the financial year and of the operating results of the Deposit Insurance Corporation for the year. It is also management's responsibility to ensure that the Deposit Insurance Corporation keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Deposit Insurance Corporation. They are also responsible for safeguarding the assets of the Deposit Insurance Corporation.

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

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Deposit Insurance Corporation and of its operating results. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the Deposit Insurance Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

Hayden Manzano	Jacqueline Fermin
Director	Head, Corporate Services & Finance
Board of Management	
Date: October 20, 2016	Date: October 20, 2016

KPMG
Chartered Accountants
69-71 Edward Street
P.O. Box 1328
Port of Spain
Trinidad and Tobago, W.I.

Tel.: (868) 623-1081
Fax: (868) 623-1084
Email: kpmg@kpmg.co.tt
Web: www.kpmg.com/tt

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEPOSIT INSURANCE CORPORATION

We have audited the accompanying financial statements of Deposit Insurance Corporation (the Corporation), which comprise the statement of financial position as at September 30, 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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 for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 about 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at September 30, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

OTHER MATTER

The financial statements of the Corporation for the year ended September 30, 2014 were audited by another auditor, who expressed an unqualified opinion on the financial statements on June 22, 2015.

KPMG

Chartered Accountants
October 20, 2016
Port of Spain
Trinidad and Tobago

STATEMENT OF FINANCIAL POSITION

September 30, 2015

	Notes	2015	2014
		$'000	$'000
ASSETS			
Property, plant and equipment	7	18,205	745
Intangible assets – Computer software	8	460	943
Security deposit – Central Bank		53	53
Held-to-maturity investments	9	2,427,053	2,196,058
Liquidation advances recoverable		872	813
Accounts receivable	10	81,004	36,616
Cash and cash equivalents	11	63,868	140,864
Total assets		**2,591,515**	**2,376,092**
EQUITY AND LIABILITIES			
Equity			
Stated Capital (authorized and paid up)		1,000	1,000
Deposit Insurance Fund		2,587,840	2,373,573
Total equity		2,588,840	2,374,573
Liabilities			
Balance due to Central Bank	12	274	291
Accounts Payable		2,401	1,228
Total Liabilities		2,675	1,519
Total equity and liabilities		**2,591,515**	**2,376,092**

The accompanying notes are an integral part of these financial statements.

These financial statements have been approved for issue by Management on October 20, 2016 and signed on its behalf by:

Chairman ________________ Director ________________

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended September 30, 2015

	Notes	2015	2014
		$'000	$'000
INCOME			
Interest earned		81,284	86,458
Initial contributions and annual premia		154,133	139,600
Amortisation of discounts on investments		315	258
Liquidation/receivership fees		160	100
Gain on disposal of property, plant and equipment		-	2
Other		13	24
		235,905	226,442
EXPENSES			
Personnel	13	8,058	6,430
General and administrative	14	4,197	2,705
Amortisation of premiums on investments		8,547	8,495
Depreciation		836	1,160
		21,638	18,790
Net income for the year being total comprehensive income		214,267	207,652

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended September 30, 2015

	Stated Capital $'000	Deposit Insurance Fund $'000	Total Equity $'000
Year ended September 30, 2014			
Balance at October 1, 2013	1,000	2,165,921	2,166,921
Net income for the year	-	207,652	207,652
Balance as at September 30, 2014	1,000	2,373,573	2,374,573
Year ended September 30, 2015			
Balance at October 1, 2014	1,000	2,373,573	2,374,573
Net income for the year	-	214,267	214,267
Balance as at September 30, 2015	1,000	2,587,840	2,588,840

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended September 30, 2015

	2015	2014
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	214,267	207,652
Adjustments for:		
Amortisation of premiums on investments	8,547	8,495
Depreciation and amortisation	836	1,160
Gain on disposal of property, plant and equipment	-	(2)
Amortisation of discounts on investments	(315)	(258)
Operating surplus before working capital changes:	223,335	217,047
Change in liquidation advances recoverable	(59)	961
Change in accounts receivable	(44,388)	(2,502)
Change in current balance due to Central Bank	(17)	104
Change in accounts payable	1,173	551
Net cash from operating activities	180,044	216,161
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of deposits	(2,000)	-
Purchase of Government Treasury Bills	(71,028)	-
Proceeds from redemption of Government Treasury Bills	4,998	-
Purchase of Government Treasury Notes	(330,776)	(240,400)
Proceeds from redemption of Government Treasury Notes	-	207,332
Purchase of Corporate Bonds	(83,861)	(18,187)
Proceeds from redemption of Corporate Bonds	22,963	23,598
Purchase of Government Bonds	(48,667)	(368,997)
Proceeds from redemption of Government Bonds	269,144	290,821
Additions to property, plant and equipment and intangible assets	(17,813)	(55)
Proceeds from sale of property, plant and equipment	-	4
Net cash used in investing activities	(257,040)	(105,884)
Net change in cash and cash equivalents	(76,996)	110,277
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	140,864	30,587
CASH AND CASH EQUIVALENTS AT END OF YEAR	**63,868**	**140,864**

The accompanying notes are an integral part of these financial statements.

1. General Information

The Deposit Insurance Corporation (the Corporation) was established by the Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986 (Act No. 2 of 1986), which amended the Central Bank Act Chapter 79:02 (the Act). (All references made to legislation in the ensuing paragraphs unless specifically stated otherwise, relate to the Central Bank Act Chapter 79:02). The Corporation is a statutory body, the authorised capital of which is fixed by the Act in the amount of $1,000,000. However, an increase may be approved by the Minister to whom the responsibility for finance is assigned.

The Corporation's principal objective is to manage a Deposit Insurance Fund established by the Act to provide insurance coverage on deposits held with member institutions to a maximum of $125,000 per depositor in each capacity and right in each institution. Membership of the Fund is compulsory for all institutions licensed under the Financial Institutions Act, 2008.

Section 44W of the Act authorises the Corporation to take such action as it deems necessary to fulfil its mandate including levying premia and contributions from member institutions, hiring of staff, borrowing, lending, arranging for the restructuring of a failed member whether by merger with a financially sound member or otherwise and acquiring the undertaking of any member institution which is in financial difficulty. The Corporation may also act as receiver or liquidator of an insolvent member institution.

2. Basis of Preparation and Significant Accounting Policies

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) Basis of preparation and functional currency

These financial statements are prepared under the historical cost convention. The Corporation's functional currency is the Trinidad and Tobago dollar and these financial statements are presented in thousands of Trinidad and Tobago dollars, unless otherwise stated.

(c) Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Corporation's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period.

2. Basis of Preparation and Significant Accounting Policies (continued)

(c) Use of estimates (continued)

Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 5.

(d) New and amended standards adopted by the Corporation

The following standards have been adopted by the Corporation for the first time for the financial year beginning on or after October 1, 2014:

- IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Corporation is not currently subjected to significant levies so the impact on the Corporation is not material.

- Amendments to IAS 36, 'Impairment of Assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

(e) New, revised and amended standards and interpretations not yet effective

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Corporation has not early-adopted. The Corporation has assessed the relevance of all such new standards, amendments and interpretations with respect to the Corporation's operations and has determined that the following are likely to have an effect on the financial statements.

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
  - specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
  - the order of notes to the financial statements is not prescribed;
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;

2. Basis of Preparation and Significant Accounting Policies (continued)

(e) New, revised and amended standards and interpretations not yet effective (continued)

- IAS 1 (continued)
  - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

  The Corporation is assessing the impact that this amendment will have on its 2017 financial statements.

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation,* are effective for accounting periods beginning on or after January 1, 2016.
  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
  - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

  The Corporation is assessing the impact that this amendment will have on its 2017 financial statements.

- *Improvements to* IFRS *2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Corporation are as follows:
  - IFRS 7, *Financial Instruments: Disclosures,* has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

2. Basis of Preparation and Significant Accounting Policies (continued)

(e) New, revised and amended standards and interpretations not yet effective (continued)

- IFRS 7 (continued)

  IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets* and *Financial Liabilities (Amendment to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes,* IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services.* It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  The Corporation will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

  There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

  The Corporation is assessing the impact that this amendment will have on its 2019 financial statements.

- IFRS 9*, Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

2. **Basis of Preparation and Significant Accounting Policies** (continued)

(e) **New, revised and amended standards and interpretations not yet effective** (continued)

- IFRS 9 (continued)

  Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

  The Corporation is assessing the impact that this amendment will have on its 2019 financial statements.

- IFRS 16*, Leases,* which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

  The Corporation is assessing the impact that this amendment will have on its 2020 financial statements.

2. Basis of Preparation and Significant Accounting Policies (continued)

(f) Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Corporation's statement of financial position when the Corporation becomes a party to the contractual provisions of the instrument.

(i) Recognition and initial measurement

A financial asset or financial liability is measured at fair value plus transaction costs that are directly attributable to its acquisition or issue, except for financial assets carried at fair value through profit or loss where transaction costs are expensed as incurred.

The Corporation initially recognises loans and receivables on the date when they are originated. All other financials assets and liabilities are initially recognised on the trade date i.e. the date at which the Corporation becomes a party to the contractual provisions of the instrument.

(ii) Classification

<u>*Financial assets*</u>

The Corporation classifies its financial assets into the following categories: held-to maturity, available-for-sales, at fair value through profit or loss and loans and receivables. The classification is determined by management at initial recognition and depends on the purpose for which the instruments were acquired.

For the purpose of the financial statements, financial assets have been determined to include cash and all cash equivalent, held to maturity investments, accounts receivable and liquidation advances receivable.

a) Financial assets at fair value through profit or loss

A financial asset is classified into the 'financial assets at fair value through profit or loss' category if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management.

b) Loans and receivables

Loans and receivables include financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as available-for-sale. Accounts receivable and liquidation advances recoverable are classified as loans and receivables.

2. Basis of Preparation and Significant Accounting Policies (continued)

(f) Financial instruments (continued)

(ii) Classification (continued)

<u>*Financial assets*</u> (continued)

c) Held-to-maturity financial assets

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Corporation's management has the positive intent and ability to hold to maturity. These include certain debt investments. All investments held by the Corporation are classified as held to maturity financial assets:

Interest on held-to-maturity investments is included in profit or loss and is reported as investment income.

d) Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

<u>*Financial liabilities*</u>

A financial instrument is classified as a financial liability if it is (1) a contractual obligation to deliver cash or another asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the reporting entity; or (2) a contract that will or may be settled in the reporting entity's own equity instruments under certain circumstances.

The Corporation classifies its financial liabilities as measured at amortised cost or fair value through profit or loss. Financial liabilities include accounts payable and Balance due to Central Bank.

(iii) Measurement

After initial recognition available for sale financial assets and financial assets at fair value through profit or loss are measured at fair value with unrealistic gains and losses recognized in other comprehensive income (OCI) or profit or loss respectively. Held to maturity investment and loans and receivables are subsequently measured at cost or amortised cost using the effective interest method, less provisions made for any permanent diminution in value.

Financial liabilities are re-measured at amortised cost using the effective interest rate method.

2. Basis of Preparation and Significant Accounting Policies (continued)

(f) Financial instruments (continued)

(iv) Derecognition *(continued)*

Financial assets (continued)

The Corporation derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of:

(i) the consideration received (including any new asset obtained less any new liability assumed); and

(ii) any cumulative gain or loss that had been recognized in other comprehensive income (OCI).

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Corporation is recognised as a consolidated asset or liability in the statement of financial position.

Financial liabilities

The Corporation derecognizes a financial liability when its contractual obligations are discharged, or cancelled, or expired.

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Corporation's trading activity.

2. Basis of Preparation and Significant Accounting Policies (continued)

(f) Financial instruments (continued)

(vi) Amortised 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 rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vii) Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Corporation has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Corporation measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Corporation uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Corporation determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

2. Basis of Preparation and Significant Accounting Policies (continued)

(f) Financial instruments (continued)

(vii) Determination of fair value (continued)

If an asset or a liability measured at fair value has a bid price and an ask price, then the Corporation measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Corporation recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. No transfers have occurred during the year.

(viii) Impairment of financial assets

The Corporation assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial assets or group of financial assets is impaired includes observable data that comes to the attention of the Corporation about the following loss events:

i) Significant financial difficulty of the issuer or obligor.

ii) A breach of contract, such as default or delinquency in interest or principal payments.

iii) It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.

iv) The disappearance of an active market for that financial asset because of financial difficulties.

v) Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Corporation or national or economic conditions that correlate with defaults on assets in the Corporation.

2. Basis of Preparation and Significant Accounting Policies (continued)

(f) Financial instruments (continued)

(viii) Impairment of financial assets (continued)

v) (continued)

The Corporation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

i) Financial assets measured at amortised cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal in recognised in profit or loss.

ii) Financial assets measured at cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in profit or loss. These losses are not reversed.

2. Basis of Preparation and Significant Accounting Policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

(h) Provisions

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(i) Pensions

The Corporation maintains a defined pension plan for its employees. This is a funded scheme and the Corporation's contributions are charged against profit for the year as incurred.

(j) Revenue recognition

(i) Premium income
Premium income is recognised on the accruals basis.

(ii) Investment income

Investment income is recognised when it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably.
Investment income is accrued on the time basis by reference to the principal outstanding and the interest rate applicable under the effective interest rate method. The amortization of any premiums or discounts is shown as a separate line item in profit or loss.

2. Basis of Preparation and Significant Accounting Policies (continued)

(k) Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rates ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at year end average rates. Exchange gains and losses are reflected in profit or loss.

(l) Property, plant and equipment

(i) Depreciation

Items of property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on a reducing balance basis at rates calculated to write off the cost of the assets over their estimated useful lives for all asset groups except computer equipment and software. The method of depreciation on computer equipment and software is the straight-line method. Land is not depreciated.

The rates used are as follows:

Buildings	-	2% per annum
Leasehold improvements	-	33 1/3% per annum
Motor vehicles	-	25% per annum
Furniture and fixtures	-	10% per annum
Office equipment	-	15% per annum
Computer equipment	-	25% per annum

No depreciation is charged in the year of disposal. However, a full year's charge is made in the year of acquisition.

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in profit or loss.

(iii) Disposal

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with their carrying amounts and are recognised in profit or loss.

2. Basis of Preparation and Significant Accounting Policies (continued)

(m) Intangible assets

Computer software

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Corporation are recognised as intangible assets in accordance with IAS 38 Intangible Assets. Costs associated with maintaining computer software programmes are recognised as expenses when incurred. Computer software costs recognised as assets are amortised over their estimated useful lives of five (5) years on a straight-line basis.

(n) Comparative figures

Certain comparative figures were restated to facilitate changes in presentation. These changes had no effect on the previously reported net income.

(o) Levy of initial contributions and annual premia

All institutions are required to pay an initial contribution on becoming members, and annual premia in subsequent years. Initial contributions paid by member institutions are matched by the Central Bank (Central Bank Act, Section 44M).

The payment of initial contributions is based on a rate of 0.4 per centum of the average deposit liabilities existing at the end of the first and second quarters of the first twelve (12) months of operation.

Annual premia in respect of a given year are paid on the basis of a rate of 0.2 per centum of the average deposit liabilities existing at the end of each of the quarters in the preceding calendar year, except that for a new institution the first year's levy is based on its average deposit liabilities existing in the first year of operation.

(p) Exemption from the provisions of taxation and insurance legislation

The Corporation is exempt from the provisions of any Act relating to income taxation or corporation taxation and from payment of stamp duty, and is also exempt from the provisions of the Insurance Act 1980, [Section 55 (1) and (2)].

3. Financial Risk Management

Financial risk factors

The Corporation is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Corporation to manage these risks are discussed below:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Corporation is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds and other funding instruments. It should be noted that within fiscal 2015, notwithstanding the increase in the investment portfolio, interest earned decreased due to the continued fall in market interest rates.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

i) Bonds

The Corporation invests mainly in medium to long term bonds consisting of both floating rate and fixed rate instruments.

The market values of the floating rate bonds are not very sensitive to changes in interest rates. The market values of the fixed rate bonds are sensitive to changes in interest rates. The longer the maturity of the bonds, the greater is the sensitivity to changes in interest rates. Because these assets are being held to maturity and are not traded, any changes in market values will not impact profit or loss.

The Corporation actively monitors bonds with maturities greater than ten years, as well as the interest rate policies of the Central Bank of Trinidad and Tobago.

ii) Interest rate sensitivity gap

The Corporation's exposure to interest rate risk is summarized in the table below, which analyses assets and liabilities at their carrying amounts categorized according to their maturity dates.

3. **Financial Risk Management** (continued)

Financial risk factors (continued)

(a) Interest rate risk (continued)

ii) Interest rate sensitivity gap (continued)

	2015					
	Effective Rate	Up to One Year	Two to Five Years	Over Five Years	Non-Interest Bearing	Total
	%	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalent	0 - 1.95	11,730	-	-	52,138	63,868
Held-to-maturity investment	0.67-12.25	356,083	1,597,769	473,201	-	2,427,053
Other financial assets	0 - 12.25	3,278	20,240	6,947	51,464	81,929
		371,091	1,618,009	480,148	103,602	2,572,850
Financial liabilities						
Other financial liabilities		136	-	-	2,539	2,675
Net Gap		**370,955**	**1,618,009**	**480,148**	**101,063**	**2,570,175**
Cumulative Gap		**370,955**	**1,988,964**	**2,469,112**	**2,570,175**	**-**

	2014					
	Effective Rate	Up to One Year	Two to Five Years	Over Five Years	Non-Interest Bearing	Total
	%	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalent	0 - 1.95	140,090	-	-	774	140,864
Held-to-maturity investment	0.74 - 12.25	238,792	1,158,894	798,372	-	2,196,058
Other financial assets	0 - 12.25	7,668	13,533	13,016	3,265	37,482
		386,550	1,172,427	811,388	4,039	2,374,404
Financial liabilities						
Other financial liabilities		155	-	-	1,364	1,519
Net Gap		**386,395**	**1,172,427**	**811,388**	**2,675**	**2,372,885**
Cumulative Gap		**386,395**	**1,558,822**	**2,370,210**	**2,372,885**	**-**

3. **Financial Risk Management** (continued)

Financial risk factors (continued)

(a) Interest rate risk (continued)

(ii) Interest rate sensitivity gap (continued)

The Corporation is not subject to significant interest rate changes as interest rates are fixed on held-to-maturity investments. Therefore changes in interest rates will not have a significant impact on the Corporation.

(b) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Corporation relies heavily on its written Accounting Procedures document.

Cash balances are held with high credit quality financial institutions and the Corporation has policies to limit the amount of exposure to any single financial institution.

The Corporation also actively monitors global economic developments and Government policies that may affect the growth rate of the local economy.

The Corporation's maximum exposure to credit risk is represented by amounts included for investments, deposits, receivables and cash and cash equivalents on the statement of financial position.

The Corporation does not employ the practice of taking security in respect of its investments portfolio. There are no provisions for credit loss required in these financial statements.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence maybe the failure to meet obligations to fulfill claims and other liabilities incurred. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Corporation has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3. Financial Risk Management (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

The Corporation is able to make daily calls on its available cash resources to settle financial and other liabilities.

i) Risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Corporation. The Corporation employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Corporation's assets.

To manage and reduce liquidity risk the Corporation's management actively seeks to match cash inflows with liability requirements.

ii) Liquidity gap

The Corporation's exposure to liquidity risk is summarized in the table below which analyses financial liabilities using undiscounted cash flow by relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Up to One Year	Two to Five Years	Over Five Years	Total
	$'000	$'000	$'000	$'000
2015				
Financial liabilities				
Other financial liabilities	2,669	-	6	2,675
2014				
Financial liabilities				
Other financial liabilities	1,513	-	6	1,519

3. **Financial Risk Management** (continued)

Financial risk factors (continued)

(d) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Corporation's measurement currency. The Corporation is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Corporation's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Corporation's net exposure to currency risk is as follows:

	2015	**2014**
	$'000	**$'000**
United States Dollars	84	120

Sensitivity analysis

A 5% strengthening of the US dollar against the TT dollar at September 30, 2015 would not have a material effect on profit and loss on the Corporation's financial statements. This analysis assumes that all other variables, in particular interest rates, remain constant.

(e) Other price risk

Price risk is the risk that the value of a financial investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instruments or its issuer or factors affecting all investments traded in the market. The Corporation has no significant exposure to other price risk.

(f) Operational risk

Operational risk is the risk derived from deficiencies relating to the Corporation's information technology and control systems, as well as the risk of human error and natural disasters. The Corporation's systems are evaluated, maintained and upgraded continuously. Supervisory controls are also installed to minimise human error.

(g) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Central Bank of Trinidad and Tobago, as well as by the monitoring controls applied by the Corporation.

3. Financial Risk Management (continued)

Financial risk factors (continued)

(h) Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the Corporation's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Corporation. The Corporation engages in public social endeavours to engender trust and minimize this risk.

(i) Capital Management - Adequacy of the Deposit Insurance Fund

The Corporation's capital comprises share capital and the Deposit Insurance Fund (DIF). The Corporation is not subject to externally imposed capital requirements, and there were no changes in what the Deposit Insurance Fund considers as capital, and management of capital was performed on a basis consistent with that of prior years. The key mechanisms used to manage the level of capital are premium assessments and borrowings, if necessary.

The Corporation's principal objective is to establish and manage a scheme for the insurance of deposits, or part thereof, held by Policyholders against the risk of loss of deposits up to a maximum of $125,000 per depositor, in each right and capacity, in each institution.

As at September 30, 2015, there were 25 member institutions with total insured deposits estimated at $78.8 billion (2014: $71.7 billion), of which the Corporation covered 0.2% (2014: 0.2%). The adequacy of the DIF will be based primarily on the assessed risk posed by Policyholders. In relation to its insurance obligations, the Corporation's main exposure is to unexpected loss from the non-viability or insolvency of a Policyholder that is not readily estimated due to the unavailability of data on specific loss experience.

If a Policyholder's future viability or solvency is deemed to be at risk or the Policyholder becomes insolvent and the DIF is required to intervene by providing financial assistance or pay out depositors in accordance with its resolution powers under the Act, and the DIF is insufficient to meet the obligation, the Corporation has the power to borrow, as well as, with the approval of the Minister of Finance, prescribe the levying of additional premiums payable by Policyholders.

4. Fair Value of Financial Instruments

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer quotations. For all other financial instruments, the Corporation determines fair values using other valuation techniques.

(a) Valuation models

The Corporation's accounting policy on fair value measurements is discussed in accounting policy 2(d).

4. **Fair Value of Financial Instruments** (continued)

(a) Valuation models (continued)

The Corporation measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

There were no transfers of financial instruments between levels during the year, neither were there any changes in the categorization from the prior year.

(b) Financial instruments measured at fair value – fair value hierarchy

At year end, the following financial instrument was measured at fair value.

	Level 1	Level 2	Level 3	Fair Value
	$'000	$'000	$'000	$'000
As at September 30, 2015				
Accounts receivable	-	-	81,004	81,004
Short-term and Money Market deposits	-	-	11,192	11,192
As at September 30, 2014				
Accounts receivable	-	-	36,616	36,616
Short-term and Money Market deposits	-	-	4,154	4,154

4. Fair Value of Financial Instruments (continued)

(c) Financial instruments not measured at fair value

The carrying value of financial assets and liabilities not measured at fair value is a reasonable approximation of fair value.

5. Critical Accounting Estimates and Judgments

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Corporation's accounting policies. See Note 2(c).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The Corporation makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Changes in accounting estimates are recognised in profit or loss in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

i) Whether investments are classified as held-to-maturity investments, available-for-sale or loans and receivables.

ii) Whether leases are classified as operating leases or finance leases.

iii) Which depreciation method for property, plant and equipment is used and in determining whether future economic benefits can be derived from expenditures to be capitalized.

iv) Whether the Deposit Insurance Fund is adequate to meet unexpected loss from non-viability or insolvency of a policy holder.

5. Critical Accounting Estimates and Judgments (continued)

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Impairment of assets

Management assesses at each reporting date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Property, plant and equipment

Management makes certain assumptions regarding the useful lives and residual values of capitalized assets.

iii) Determining fair values using Valuation Techniques

The determination of fair values for financial assets for which there is no observable market price requires the use of valuation techniques which utilizes various degrees of judgements affecting the specific investment.

6. Assets under Administration

There exist six (6) failed non-banking financial institutions for which the Corporation serves as liquidator. These companies and their year of liquidation are as follows:

• Commercial Finance Company Limited (in liquidation)	1986
• Trade Confirmers Limited (in liquidation)	1986
• Swait Finance Limited (in liquidation)	1986
• Caribbean Mortgage and Funds Limited (in liquidation)	1991
• Principal Finance Company Limited (in liquidation)	1993
• CLICO Investment Bank Limited (in compulsory liquidation)	2011

In its role as liquidator, the Corporation is engaged in liquidating the assets of these failed institutions in an attempt to settle the outstanding liabilities associated with these institutions.

The Corporation submits reports every six (6) months to The Official Receiver (High Court) providing details of receipts and payments for the period being reported. Lastly, these liquidations have not as yet been wound up due to legal matters before the Courts.

6. Assets under Administration (continued)

The statement of financial position does not include the assets of these closed financial institutions under the administration of the Corporation. However, the table presented hereunder provides in summary, the balances as at September 30, 2015. In relation to the table, the following points should be noted:

- Column (A) – The assets at closure are reported at net realizable value representing a reasonable estimate of the amount for which the assets could have been sold.
- Column (B) – The liabilities at closure represent the total amount owing by the failed institutions, inclusive of deposit liabilities, as at the date of closure.
- Column (C) – Liabilities incurred represent liquidation expenses from the date of closure up to the end of the reporting period.
- Column (D) – Total realisations represent the amount received to date from the sale of liquidated assets.
- Column (E) – Total payments represent liquidation expenses paid and insurance payments recovered as at the reporting date.
- Column (B+C-E) – Remaining liabilities represent the balance due to unsecured creditors as at the reporting date.
- The legislation authorises the DIC to recover insurance paid from the sales proceeds of liquidated assets in priority to unsecured creditors.

(A) **Total Value of Assets at Closure**	(B) **Total Liabilities at Closure**	(C) **Total Liabilities incurred 2015**	(D) **Total Realisations 2015**	(E) **Total Payments 2015**	(B+C-E) **Remaining Liabilities 2015**
$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
6,148,206	12,072,221	406,407	1,893,451	1,634,398	10,844,230

7. Property, Plant and Equipment

	Land and Buildings $'000	Leasehold Improvements $'000	Motor Vehicle $'000	Furniture and Fixtures $'000	Office Equipment $'000	Computer Equipment $'000	W.I.P. $'000	Total $'000
Cost								
Balance as at October 1, 2014	-	391	639	622	419	542	-	2,613
Additions	15,859	-	-	-	-	-	1,954	17,813
Balance as at September 30, 2015	**15,859**	**391**	**639**	**622**	**419**	**542**	**1,954**	**20,426**
Accumulated depreciation								
Balance as at October 1, 2014	-	380	344	442	254	448	-	1,868
Charge for the year	173	4	74	18	24	60	-	353
Balance as at September 30, 2015	**173**	**384**	**418**	**460**	**278**	**508**	**-**	**2,221**
Net book value								
Balance as at September 30, 2015	**15,686**	**7**	**221**	**162**	**141**	**34**	**1,954**	**18,205**
Balance as at September 30, 2014	-	11	295	180	165	94	-	745

7. Property, Plant and Equipment (continued)

	Leasehold Improvements $'000	Motor Vehicle $'000	Furniture and Fixtures $'000	Office Equipment $'000	Computer Equipment $'000	Total $'000
Cost						
Balance as at October 1, 2013	391	639	629	412	909	2,980
Additions	-	-	7	16	32	55
Disposals	-	-	(14)	(9)	(399)	(422)
Balance as at September 30, 2014	391	639	622	419	542	2,613
Accumulated depreciation						
Balance as at October 1, 2013	375	245	434	234	740	2,028
Charge for the year	5	99	20	29	107	260
Disposals	-	-	(12)	(9)	(399)	(420)
Balance as at September 30, 2014	380	344	442	254	448	1,868
Net Book Value						
Balance as at September 30, 2014	**11**	**295**	**180**	**165**	**94**	**745**
Balance as at September 30, 2013	**16**	**394**	**195**	**178**	**169**	**952**

	2015	2014
	$'000	$'000
8. Intangible Assets		
Computer software		
Cost		
Balance at start and end of year	5,480	5,480
Accumulated amortisation		
Balance at start of year	4,537	3,637
Charge for the year	483	900
Balance at end of year	5,020	4,537
Balance at end of year	**460**	**943**

9. Held-to-Maturity Investments

	2015 $'000	2014 $'000
(a) Current		
Deposits	3,000	-
Corporate Bonds	86,676	5,703
Government Bonds	52,463	86,279
	142,139	91,982
(b) Non-current		
Deposits	2,000	3,000
Treasury Bills	66,030	-
Corporate Bonds	46,652	66,726
Government Treasury Notes	902,209	574,614
Government Bonds	1,268,023	1,459,736
	2,284,914	2,104,076
	2,427,053	**2,196,058**

The effective rate of interest is 0.67% to 12.25% (2014: 0.74% to 12.25%).

	2015	2014
	$'000	$'000
10. Accounts Receivable		
Interest receivable	30,339	34,171
Other receivable	50,665	2,445
	81,004	**36,616**

Included in 'other receivable' is $50 million for the purchase of Trinidad and Tobago Natural Gas Limited shares. Subsequent to year end, the shares were allocated and the balance of $40.7 million was refunded to the Corporation.

	2015	2014
	$'000	$'000
11. Cash and Cash Equivalents		
Cash and bank balances	52,676	136,710
Term deposits	7,000	-
Money Market deposits	4,192	4,154
	63,868	**140,864**

12. Related Party Transactions

A party is related to the Corporation if:

a) The party is an associate of the Corporation;

b) The party is, directly or indirectly, either under common control with the Corporation or has significant or joint control over the Corporation

c) The party is a close family member of a person who is part of key management personnel or who controls the entity;

d) The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the entity;

e) The party is a joint venture in which the entity is a venture partner;

f) The party is a member of the Corporation's or its parent's key management personnel;

12. Related Party Transactions (continued)

Significant aspects of the relationship between the Corporation and the Central Bank of Trinidad and Tobago (the Central Bank) are as follows:

(a) Capital contribution

The paid-up capital has been contributed entirely by the Central Bank of Trinidad and Tobago.

(b) Representation on the Board of Management (Section 44Q (1) (a))

Two members represent the Central Bank of Trinidad and Tobago on the Board of Management of the Corporation.

	2015	2014
	$'000	$'000
(c) Current liabilities		
Personnel and administration expenses reimbursable to the Central Bank	274	291

(d) Operational arrangements between the Central Bank and the Corporation

During the financial year, the Central Bank provided under contract, office accommodation and other administrative services to the Corporation. The costs incurred for the year ended September 30, 2015 under these arrangements were $1,295 million (2014: $1,027 million). Limited commercial banking type facilities are also provided by the Central Bank.

	2015	2014
	$'000	$'000
(e) Key management personnel compensation		
Short-term employee benefits	2,911	2,154
Post-employment benefits	136	107
	3,047	**2,261**

In fiscal 2015, the increase in key management personnel compensation relates to arrears for the period 2012 to 2014 and the applicable increases to remuneration packages for the current period.

	2015	2014
	$'000	$'000
13. Personnel Expenses		
Allowances	1,331	1,055
Salaries and overtime	5,157	4,130
Gratuity	346	-
Staff benefits	433	490
Directors' fees	238	266
Pension contributions (Note 15)	294	217
National Insurance contributions	182	188
Medical and Workmen Compensation Insurance	77	84
	8,058	**6,430**

14. General and Administrative Expenses

	2015	2014
Office rental and related expenses	1,201	927
Repairs and maintenance	122	31
Equipment rental	54	54
Property services	10	11
Motor vehicle	127	115
Information technology	163	185
Printing and stationery	65	70
Public relations and advertising	75	151
Telecommunications	210	180
Professional fees	187	115
Library services	8	8
Archiving	23	20
Meetings	25	11
Training and education	21	33
International Association of Deposit Insurers membership fees	85	81
Management contract (Administrative services provided by the Central Bank of Trinidad and Tobago)	50	50
Conferences and official visits	1,752	648
Miscellaneous	19	15
	4,197	**2,705**

15. Retirement Benefits

The Corporation does not operate a pension plan but a non-compulsory arrangement exists whereby the Corporation contributes 150% of an employee's contribution to an approved individual annuity or the Individual Retirement Unit Account of the Trinidad and Tobago Unit Trust Corporation up to a maximum of 10% of an employee's base salary. Costs incurred for 2015 were $294 thousand (2014: $217 thousand).

16. Employees

At September 30, 2015 the Corporation had in its employ a staff complement of 18 persons (2014: 22).

17. Capital Commitments

The Corporation had $1 million in capital commitments as at September 30, 2015.

18. Subsequent Events

The Corporation had no subsequent events to report for the year ended September 30, 2015.

DIC

www.dictt.org

Layout and Artwork: Zenon Designs