



## About the Deposit Insurance Corporation

### Establishment of the DIC

The DIC is a statutory body established in 1986 by an amendment to the Central Bank Act 79:02, with the responsibility to manage the Deposit Insurance Fund.

### Purpose of the Deposit Insurance Fund

On the failure of a financial institution, depositors make claims on the Fund and receive insurance payments to the value of their deposits up to a maximum of TT\$50,000.

### Insured Financial Institutions

Only financial institutions which have been granted a licence by the Central Bank of Trinidad and Tobago under the Financial Institutions Act 1993, are insured. They automatically become member institutions of the Fund.

### Types of Deposits Insured

Cash balances held in chequing, savings and fixed deposit accounts including interest earned, are insured but the balances must be denominated in Trinidad and Tobago dollars. Foreign currency deposits are not insured nor are deposits and investments in mutual fund accounts.

### Contributions to the Deposit Insurance Fund

Member financial institutions pay an initial contribution into the Fund on becoming a member, and thereafter pay annual premiums. They can be asked to pay special contributions should the Fund's resources become exhausted. The Central Bank of Trinidad and Tobago matches the initial contribution and special contributions paid by each member institution. Initial contributions and annual premiums are based on a flat rate of the deposit liabilities of member institutions.

The Fund also benefits from interest earned from investment activities. The investment portfolio has grown to the extent that interest income has now surpassed annual premiums as a contributor to the Fund's growth.

### Other Powers of the DIC

The DIC can act as receiver or liquidator of an insolvent financial institution and can arrange for the restructuring or acquisition of the business of any member in financial difficulty.

## Mission Statement

"To promote and maintain stability, safety, integrity and public confidence in the financial system of Trinidad and Tobago by providing protection for depositors in the Nation's deposit taking institutions, by the prudent and profitable management of the Deposit Insurance Fund, by the efficient liquidation of the assets of failed institutions and by ensuring safe banking and financial practices and the continued viability of the member institutions."



Mr. Ewart S. Williams

## Chairman's Statement

Trinidad and Tobago recorded its eleventh successive year of economic expansion in 2004 against a backdrop of continued global economic growth.

Amid the buoyant economic conditions, the financial sector also registered significant growth and continued rapid transformation. Institutions registered under the Financial Institutions Act (licensed institutions) increased their balance sheets by 10 percent in the nine months ended September 2004. At the same time, there was a significant improvement in the quality of loan portfolios (non-performing loans declined to 2.5 percent of gross loans) and an increase in banks' reserves. As at the end of September 2004, the ratio of total qualifying capital to risk weighted assets was 24.9 percent, which was more than adequate to cover all reasonable risks.

Several steps were taken during 2004 to improve the supervisory framework for financial institutions. These included: the issue of draft guidelines in selected areas; the establishment of a Professional Advisory Committee to establish recruiting and disclosure standards; reduction in reserve requirements and the establishment of the regional credit rating agency.

The DIC has also been adapting to the changing financial environment. The Corporation is currently reviewing legislation relevant to its operations to bring it more in line with international best practice. The amendments will seek to give the DIC a mandate to pursue its objective of depositor protection and to contribute to the maintenance of financial stability in a manner consistent with minimising loss to the Fund. In line with the proposed new legislation, the DIC has approved a three-year strategic plan that provides for, inter alia:

- (i) the preparation of risk-assessment profiles for all licensees as a basis for estimating the Fund's potential exposure;
- (ii) enhanced collaboration with the Inspector of Financial Institutions for purposes of information sharing and to discuss areas of common concern;
- (iii) a public awareness programme to improve depositors understanding of the role of the DIC, and;
- (iv) the establishment of a register of insured deposits.

The DIC is also reviewing its internal systems to improve its own corporate governance, expand its use of up-to-date technology, and to apply best practices to all aspects of its operations.

Mindful of the increasing risks confronting the financial system, the DIC will continue to grow the Fund to improve its readiness to meet any contingencies. The DIC will also intensify efforts to arrive at a proper methodology for determining the optimal value of the Fund, and to examine the feasibility of introducing a differential premium framework.

## Board of Management

Mr. Ewart S. Williams, Chairman; Ms. Shelley M. E. Collymore, Director; Mr. Henry Jeffers, Director;  
Mr. Patrick Aiden Ferreira, Director; and Mr. Hollis De Four, Alternate Director



# Auditor's Report

## Report of the Auditor General of the Republic of Trinidad and Tobago on the Financial Statements of the Deposit Insurance Corporation for the Year ended 2004 September 30<sup>th</sup>

1. Abridged Financial Statements of the Deposit Insurance Corporation comprising a Balance Sheet as at 2004 September 30 and a Statement of Net Income and Deposit Insurance Fund for the year ended 2004 September 30 have been extracted from the audited Financial Statements of the Deposit Insurance Corporation for the year ended 2004 September 30 on which an unqualified opinion dated 2005 April 28 was expressed by the Auditor General.
2. The responsibility for the preparation of the Abridged Financial Statements and the determination of their form and content is the responsibility of the management of the Deposit Insurance Corporation.
3. The Auditor General's responsibility is to report whether the information contained in the Abridged Financial Statements has been correctly extracted from the audited Financial Statements.
4. Procedures were undertaken to provide reasonable assurance that the amounts set out in

the Abridged Financial Statements have been correctly taken from the audited Financial Statements of the Deposit Insurance Corporation for the year ended 2004 September 30.

5. The amounts set out in the Abridged Financial Statements for the year ended 2004 September 30 are in agreement with those stated in the audited Financial Statements of the Corporation for the year ended 2004 September 30. For a better understanding of the scope of the audit of the Corporation's Financial Statements and of the Corporation's financial position, financial performance and cash flows for the year ended 2004 September 30, this Report should be read in conjunction with the Corporation's audited Financial Statements for the financial year ended 2004 September 30.
6. The examination of the Abridged Financial Statements was completed on 2005 May 12 and an unqualified opinion is expressed as at that date.



2004 May 12

*Jocelyn Thompson*

Jocelyn Thompson, Auditor General

## balance sheet as at 30<sup>th</sup> September 2004

	30-Sep-2004 \$'000	30-Sep-2003 \$'000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Short Term Funds	88,181	64,271
Marketable Securities	634,939	570,590
Accounts Receivable	18,897	16,695
Liquidation Advances Recoverable	167	91
	742,184	651,647
<b>Fixed Assets</b>	725	802
<b>Total Assets</b>	742,909	652,449
<b>Current Liabilities</b>		
Central Bank	415	1,019
Accounts Payable	222	391
	637	1,410
	742,272	651,039
<b>Financed By:</b>		
<b>Capital</b>		
Authorised & Paid Up	1,000	500
<b>Deposit Insurance Fund</b>	741,272	650,539
	742,272	651,039

## statement of net income and Deposit Insurance Fund for the year ended 30<sup>th</sup> September 2004

	Year Ended 30-Sep-2004 \$'000	Year Ended 30-Sep-2003 \$'000
<b>INCOME</b>		
Interest Earned	52,410	49,629
Annual Premia	40,184	38,894
Insurance Claims Recovered	1,600	-
Liquidation/Receivership Fees	58	153
Other	21	778
	94,273	89,454
<b>EXPENSES</b>		
Personnel	2,099	1,929
Loan Interest	-	67
General and Administrative	1,276	1,234
Depreciation	165	190
	3,540	3,420
Net Income	90,733	86,034
Fund Balance at the beginning of the year	650,539	564,505
Fund Balance at the end of the year	741,272	650,539

Copies of the Financial Statements of the Corporation for the year ended 30<sup>th</sup> September 2004 (Unabridged) with the Auditor General's Report thereon, are available at the Corporation's offices located at Level 11, Central Bank Building, Independence Square, Port of Spain. Phone (868) 625-5020/1, Fax (868) 623-5311, E-mail info@dicctt.org

## Member Institutions

AIC Finance Limited • AIC Merchant Bank Limited • ANSA Merchant Bank Limited • Caribbean Finance Company Limited • Citibank (Trinidad and Tobago) Limited • Citicorp Merchant Bank Limited • Clico Investment Bank Limited • Development Finance Limited • Fidelity Finance and Leasing Company Limited • First Caribbean International Banking & Financial Corporation Limited • First Citizens Bank Limited • First Citizens Trust and Asset Management Limited • General Finance Corporation Limited • Guardian Asset Management Limited • Intercommercial Bank Limited • Intercommercial Trust and Merchant Bank Limited • Island Finance Trinidad and Tobago Limited • RBTT Bank Limited • RBTT Merchant Bank Limited • RBTT Trust Limited • Republic Bank Limited • Republic Finance and Merchant Bank Limited • Scotiabank Trinidad and Tobago Limited • Scotiatrust and Merchant Bank Trinidad and Tobago Limited