Deposit Insurance Corporation
Trinidad and Tobago

# Annual Report 2023


## A Dynamic Contributor to the Financial Sector Safety Net

# Welcome

The Deposit Insurance Corporation (DIC) was established by the Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986.

The DIC plays a critical role in contributing to the continued stability of Trinidad and Tobago's financial system as a whole.

Its main function is to manage a Fund to provide insurance protection for depositors against the potential loss of their deposits should a member financial institution fail.

# Contents



**Depositor Resources**

Valuable online resources for depositors to assist them in better understanding how they can best protect their deposits in the event of a failure of a DIC member institution.

- Depositor Insurance Glossary
- Tips for Depositors
- Frequently Asked Questions
- Publications
- Our Strategic Plan
- Claim Forms
- Facts & Myths

## Contact Us

Address:

19-20 Victoria Square West
Port of Spain

**Telephone:** 1 (868) 285-9342
**Website:** www.dictt.org
**Email:** info@dictt.org

# About Us

**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 of deposit-taking institutions licensed to operate under the Financial Institutions Act, 2008. Deposit insurance is payable to depositors 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 supported 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 participant in 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.

The public is encouraged to gain further access to more information on the DIC through its website at www.dictt.org.

# Vision and Mission

## Vision

To be a dynamic contributor to the financial sector safety net.

## Mission

To promote public confidence in the banking system by:

- protecting insured deposits up to the prescribed limit;
- effective fund management; and
- facilitating the resolution of insolvent and distressed institutions.

## Core Values

- **Integrity**

  Behaves in a manner that is consistently transparent with high standards of ethics and adheres to codes of conduct and principles

- **Adaptability**

  Receptiveness to change and willingness to alter behaviours to new and changing environment

- **Accountability**

  Takes ownership of actions and outcomes

- **Teamwork**

  Commits and collaborates to the achievement of organisational goals while showing consideration and respect for others

# Chairman's Message 2023

During the financial year 2022/2023, global economic growth was dampened by ongoing supply chain challenges in the context of geopolitical tensions. Restrictive monetary policies designed to contain inflation kept interest rates relatively high, exposing underlying financial sector vulnerabilities and adversely affecting debt dynamics in many countries. In particular, the failures of several international banking financial institutions prompted strong intervention by regulators to curtail system-wide bank runs.

Dr. Alvin Hilaire - Chairman

Exposure to cybercrimes escalated due to the increased use of digital services, while threats from climate change continue to pose long-term challenges.

On the domestic front, the Trinidad and Tobago economy experienced a measured recovery alongside a decline in inflation. The financial system as a whole remained stable, with the banking system exhibiting good performance in terms of asset quality, liquidity and profitability.

Against this environment and with a view to strengthening public confidence, the Deposit Insurance Corporation (DIC) intensified its engagement with other safety net participants, namely the Central Bank of Trinidad and Tobago and the Trinidad and Tobago Securities and Exchange Commission, to promote financial stability. Concurrently, the DIC continued to drive regional and international collaboration through its participation at the International Association of Deposit Insurers Forums, which provided an opportunity for joint research, training and sharing of experiences on the role of the deposit insurer during normal times and crisis situations.

The DIC successfully achieved its planned strategic milestones and objectives set out in its 2018–2023 Strategic Plan. A new Strategic Plan was drawn up, which covers the 2023–2027 period. It identifies 8 fresh strategic projects geared at enhancing the DIC's protection capabilities as well as at strengthening its institutional effectiveness through building staff performance and fortifying internal processes. Meaningful results are already being achieved under the new Plan.

The DIC continued to augment organisational output through the development of its human capital. Particular emphasis was paid on strengthening the core competency of understanding how to tailor deposit insurance to country-specific circumstances while taking into account evolving international standards. Important complementary topics covered included information technology, cyber security, enterprise risk management, environment, social and governance (ESG) principles, alongside crisis management simulation-based scenario sessions. The dedicated staff have continued to perform at a very high level, with a strong commitment to progressively improving the contribution of the DIC domestically, regionally and on the broader international front. The physical return to office after the lowering of COVID restrictions has helped to further build staff cohesion and allowed for greater participation in community outreach activities.

## CHAIRMAN'S MESSAGE 2023 (CONTINUED)

The upcoming financial year promises to be filled with uncertainties and challenges. The global financial environment remains unsettled, cybersecurity threats will grow, financial institutions will compete more aggressively, and developments in technology and communications will continue to transform the shape and speed of financial activities. Trinidad and Tobago will not be immune to these trends. In this context, the DIC will need to continuously think ahead and prepare to adapt, positioning the insurance of depositors' funds as one key component in Trinidad and Tobago's financial stability net.

**Dr. Alvin Hilaire**
Chairman
December 7, 2023

# Public Policy Objectives

| No. | Public Policy Objectives | Supporting extracts from the DIC's governing legislation (Central Bank Act - Chapter 79:02) |
|---|---|---|
| 1. | To provide insurance against the loss of part or all of eligible deposits. | ***Section 44N.*** (1) The Corporation shall insure each deposit in a member institution which is payable in Trinidad and Tobago currency.<br>***Section 44N.*** (2) Deposit Insurance coverage is limited to one hundred and twenty-five thousand dollars or such other amount as the Minister may prescribe by Order save that where a depositor maintains deposits in more than one institution or in different capacities and rights, the limit shall apply to total amount maintained on deposit in each institution in each capacity and right. |
| 2. | To contribute to the stability of the financial system in Trinidad and Tobago. | ***Section 44W.*** (e) to recommend to the Bank the suspension of business or closure of any member where that member is in financial difficulty;<br>***Section 44W.*** (f) in the event of a member becoming insolvent to act as receiver or liquidator of that member;<br>***Section 44W.*** (g) to arrange after consultation with and on the advice of the Bank for the restructuring of a failed member whether by merger with a financially sound member or otherwise;<br>***Section 44W.*** (i) to accumulate, manage and to invest funds collected, to borrow, lend, give guarantees and acquire the undertaking of any institution which is in financial difficulty; |
| 3. | After consultation with the Central Bank, to treat with member institutions in financial distress. | ***Section 44W.*** (g) to arrange after consultation with and on the advice of the Bank for the restructuring of a failed member whether by merger with a financially sound member or otherwise; |

Gazette No. 104 of 2019, July 25th, 2019

Dated this 27th day of June, 2019.

**Michelle Rolingson-Pierre**

General Manager

# Corporate Profile

### OFFICE
19-20 Victoria Square West
Port of Spain
Tel: 868 285-9342
Hotline: 800-4DIC
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
PKF
111 Eleventh Street
Barataria

# Member Institutions

**(As at September 30, 2023)**

ANSA Merchant Bank Limited
ANSA Bank Limited
Caribbean Finance Company Limited
Citibank (Trinidad and Tobago) Limited
Citicorp Merchant Bank Limited
Development Finance Limited
Fidelity Finance and Leasing Company Limited
First Caribbean International Bank (Trinidad and Tobago) Limited
First Citizens Bank Limited
First Citizens Depository Services Limited
First Citizens Trustee Services Limited
Guardian Group Trust Limited
JMMB Bank (Trinidad and Tobago) Limited
JMMB Express Finance (Trinidad and Tobago) Limited
Island Finance Trinidad and Tobago Limited
Massy Finance GFC Limited
NCB Merchant Bank (Trinidad and Tobago) 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
Scotiabank Trinidad and Tobago Limited
Scotia Investments Trinidad and Tobago Limited

# Board Members

**Dr. Alvin Hilaire**
Chairman

**Dr. Alvin Hilaire is a career Central Banker, having worked with the Central Bank of Trinidad and Tobago for a cumulative period of approximately twenty (20) years.**

He was appointed Governor and Chairman of the Board of the Central Bank of Trinidad and Tobago on December 23, 2015 for a term of five years and re-appointed on December 23, 2020 for a term of three years. Prior to this appointment he has held positions of Senior Economist, Chief Economist and Director of Research, and Deputy Governor.

Dr. Hilaire has extensive experience in macroeconomic policy development and implementation and monetary policy matters.

Within the region, Dr. Hilaire has made significant contributions to developing the economies of small vulnerable CARICOM countries through his work as Chairman of the CARICOM Development Fund, where he was influential in increasing financial assistance to these islands.

Dr. Hilaire is also well respected internationally, having spent eleven (11) years at the International Monetary Fund (IMF), serving as a Senior Economist and as the IMF Resident Representative to Guinea and Sierra Leone. He has worked on IMF financial programmes in several other countries, including Croatia, Colombia, Cameroon, Ecuador and Nicaragua. Dr. Hilaire holds a Doctor of Philosophy in Economics from Columbia University in New York and graduated with First Class Honours from the University of the West Indies, St. Augustine, Trinidad.

**Mr. Dexter Jaggernauth**
Director
(Directorship ended 25 July 2023)

**Mr. Dexter Jaggernauth, an adept financial and economic analyst, presently serves as Programme Manager at the Ministry of Finance. He spearheads crucial initiatives such as Property Tax implementation, the Trinidad and Tobago Revenue Authority formation, and National Budget formulation.**

Previously, he worked as a Project Operations Analyst at the Caribbean Development Bank, overseeing economic infrastructure projects in member countries. In the World Bank's Voice Secondment Programme, he enhanced audit controls for projects in Sub-Saharan Africa, contributing to the Governance and Anti-corruption Agenda.

Mr. Jaggernauth's expertise extends to the IMF, where he engaged in Financial Programming and Policy, addressing crises in various sectors. Academically, he holds a B.Sc. in Economics (Upper Second Class Honours) and an MBA from Edinburgh Business School, U.K. He is a Chartered Certified Accountant and a Fellow of the Association of Chartered Certified Accountants, U.K.

His training includes the McGill Executive Certificate Programme in International Development and Risk Management Training from the Caribbean Development Bank.

## BOARD MEMBERS (CONTINUED)

**Mr. Kendall Cuffy**
Director

**Mr Kendall Cuffy is the Manager of Banks and Non-Banks Supervision at the Central Bank of Trinidad and Tobago, where he has been employed for a total of 14 years.**

Prior to this role, Mr. Cuffy held managerial positions at commercial banks in Barbados and spent over fifteen years in the commercial banking sector in Trinidad and Tobago. In this role at the Central Bank, Mr. Cuffy is responsible for leading a team of examiners in ensuring the safety and soundness of financial institutions in the banking sector. His experience also extends to policy development and insurance supervision. He is a graduate of The University of the West Indies (UWI) (Management Studies, Upper Second Class Honours) with a minor in Accounting. He also holds a Master's degree in Business Administration from Henley Management College in the United Kingdom, where he placed first in his graduating class.

Outside of the corporate world, Mr. Cuffy has served as President of the Tennis Association of Trinidad and Tobago over the period 2013–2016 and previously represented the country in the sport at the junior level.

**Ms. Cindy Pierre**
Director

**From the banking halls to the Hall of Justice, Cindy Pierre worked in the banking sector prior to becoming an Attorney-at-Law.**

As an employee of RBTT Bank Limited as it was then called, Ms. Pierre advised customers on investment portfolios such as money market funds and certificates of deposits, conducting foreign currency transactions and assessing money-laundering risks based on customer profiles.

Ms. Pierre is currently State Counsel in the Office of the Treasury Solicitor, Ministry of Finance. Her experience in this capacity is extensive as the Office is responsible for providing legal advice in all matters that impact on the fiscal affairs of the State.

Ms. Pierre also held the position of Corporate Secretary for the Board of Directors of the Caribbean Corporate Governance Institute for the period 2017–2018.

Ms. Pierre graduated with a First Class Honours Bachelors of Laws from The University of the West Indies–Cave Hill, Barbados, in 2013, a Legal Education Certificate from the Hugh Wooding Law School in 2015 and a LLM in Commercial Law from the University of Cambridge, United Kingdom, in 2016. She was admitted to the Trinidad and Tobago Bar in 2016. Prior to her legal studies, Ms. Pierre obtained a B.Sc. Management Studies (Second Class Honours) from The University of the West Indies–St. Augustine.

## BOARD MEMBERS (CONTINUED)

**Mrs. Kimberly Roberts**
Director

**Mrs. Kimberly Roberts is the Assistant Manager of the Economic Management Division of the Ministry of Finance, where she has been employed since 2009.**

Prior to her appointment at the Ministry of Finance Mrs. Roberts served as a Research and Policy Officer, attached to the Consumer Affairs Division.

In her current role at the Ministry of Finance, Mrs. Roberts is engaged in macroeconomic monitoring, analysis, policy formulation, forecasting and reporting. Throughout her career, Mrs. Roberts has received extensive training in medium-term economic and fiscal forecasting, macro-economic management in resource-rich countries, fiscal risk management and energy subsidy reform. This training has assisted her at the Ministry of Finance in providing the required guidance and directives on technical matters that impact on the sustainability of public finances and the economy and oversight for the management of the country's relationships with regional and international financial institutions, multilateral agencies and credit rating agencies.

In her personal capacity, she has served on the Credit and Supervisory Committees of the Pentecostal Credit Union from 2006 to 2017.

Mrs. Roberts is a graduate of The University of the West Indies (UWI) with a degree in Economics and a minor in Finance.

**Ms. Chintamani Sookoo**
Director
(Assumed office 29 September 2023)

**Ms. Chintamani Sookoo is Acting Director, Social and Economic Transformation in the Investments Division, Ministry of Finance.**

She is a Fellow of the Association of Certified Chartered Accountants and holds a Masters of Business Administration from the Heriot-Watt University, Edinburgh Business School. Ms. Sookoo is a career public servant with over thirty three years of service and has been with the Investments Division of the Ministry of Finance for over sixteen years. She has a vast knowledge and experience of oversight and monitoring of the State Enterprise Sector and has undertaken feasibility studies of numerous State Enterprises, which includes financial and operational performances.

Ms. Sookoo's experience also includes examining and evaluating strategies to be adopted by State Enterprises, as well as the implementation and execution of Government's Divestment Policy including the winding-up of companies.

# The DIC Management Team

**From left to right:**

**Standing:**

Geeta Canning - Senior Internal Auditor, Nicole Fusco - Legal Counsel/Corporate Secretary, Michelle Rolingson-Pierre - General Manager, Ria Badree - Human Resource Officer, Christine Baksh - Executive Secretary

**Sitting:**

Allison Edwards - Manager, Research, Policy and Resolution and Anika Mitchell - Head, Corporate Services & Finance

# The DIC Team Members

**Ms. Jennifer Singh-Paulson**
Administrative Assistant

**Ms. Kavita Parag**
Receptionist/ Administrative Assistant

**Mr. Riad Mohammed**
Research/Database Assistant

**Ms. Nisha Latchman**
Risk Analyst

**Ms. Allison Field**
Assistant Accountant

**Mr. Eon Crichlow**
Network & Systems Specialist

**Ms. Onifa Olúségun-Murray**
Hospitality Attendant

**Ms. Veneeta Ramsingh**
Legal Counsel

**Ms. Dixie-Ann Thom**
Communications Technician

**Mr. Maurice Duprey**
Office Assistant/Courier

**Not pictured:** Ms. Jacqueline Davis-Mc Kree - Accounting Assistant

# Management Discussion & Analysis

## Financial Highlights[1]

**Table 1: Statement of Financial Position, Net Income, and the Deposit Insurance Fund**

| Statement of Financial Position | Sept 30, 2019 | Sept 30, 2020 | Sept 30, 2021 | Sept 30, 2022 | Sept 30, 2023 |
|---|---|---|---|---|---|
| | $M | $M | $M | $M | $M |
| Total Assets | 3,571.67 | 3,846.45 | 4,157.93 | 4,487.62 | 4,828.88 |
| | *7.73%* | *7.69%* | *8.10%* | *7.93%* | *7.60%* |
| Deposit Insurance Fund | 3,563.70 | 3,847.98 | 4,158.81 | 4,485.06 | 4,832.16 |
| | *7.90%* | *7.98%* | *8.08%* | *7.84%* | *7.74%* |
| Investment Portfolio | 3,499.94 | 3,772.41 | 4,081.15 | 4,411.23 | 4,746.87 |
| | *9.68%* | *7.78%* | *8.18%* | *8.09%* | *7.61%* |

| Statementof Net Income and Deposit Insurance Fund for the Year Ended | Sept 30, 2019 | Sept 30, 2020 | Sept 30, 2021 | Sept 30, 2022 | Sept 30, 2023 |
|---|---|---|---|---|---|
| | $M | $M | $M | $M | $M |
| Net Income | 261.00 | 283.90 | 310.84 | 326.25 | 347.09 |
| | *3.04%* | *8.77%* | *9.49%* | *4.96%* | *6.39%* |
| Interest Earned | 108.18 | 128.61 | 140.41 | 151.26 | 171.86 |
| | *10.76%* | *18.89%* | *9.18%* | *7.73%* | *13.62%* |
| Premium Income | 163.60 | 168.45 | 183.23 | 191.38 | 192.67 |
| | *0.33%* | *2.96%* | *8.77%* | *4.45%* | *0.67%* |
| Expenses | 14.12 | 13.43 | 13.06 | 17.13 | 17.43 |
| | *9.80%* | *-4.89%* | *-2.76%* | *31.16%* | *1.77%* |

Notes:

- *The percentages in italics represent percentage changes from the previous year. All are increases except where shown with (-).*
- *Interest earned is based on the effective interest and not the coupon interest*

1 All dollar values throughout the report are reflected in Trinidad and Tobago dollars

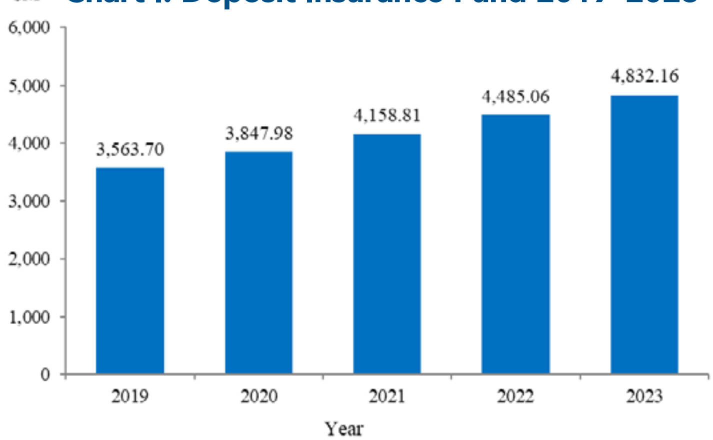
MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

## 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 Deposit Insurance Fund[2] balance as of September 30, 2023, stood at $4,832.16 million, marking a year-on-year increase of 7.74 percent. The primary contributors to this growth were premiums and interest income, net of expenses. Over the last five years, the Fund's growth has consistently shown an upward trend, with an average growth rate of around 7.91 percent during this period and is illustrated in Chart I.

**Chart I: Deposit Insurance Fund 2019–2023**




2 The Deposit Insurance Fund calculated as follows: Fund brought forward + Fund surplus/deficit + Gain/loss on revaluation of investments

*Total income* for the period was $364.53 million, marking an increase of $21.15 million compared to the figure recorded for the fiscal year ending on September 30, 2022. The total expenses incurred for Fund management amounted to $17.43 million, slightly higher than the $17.13 million spent in the fiscal year ending on September 30, 2022. The increase in expenses arose mainly from the resolution of a legal obligation of $3.31Mn.

*Net income, denoting the total income minus operational expenses*, for the fiscal year concluding on September 30, 2023, amounted to $347.09 million, in contrast to the year-on-year figure of $326.25 million. This signifies a rise of $20.84 million or 6.39 percent, marking a higher growth rate compared to the 4.96 percent growth observed in the fiscal year 2022.

The two main contributors to income are *Interest Earned and Annual Premiums*. These two areas are examined below in greater detail.

## Interest Income

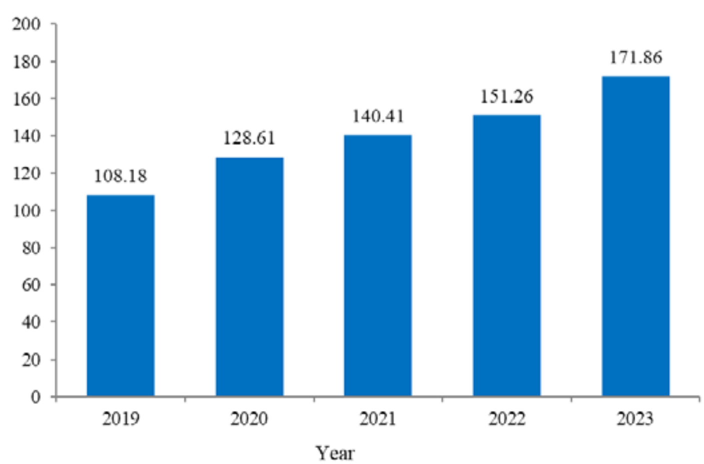
Interest income is generated from the Corporation's investment activities. In the fiscal year concluded on September 30, 2023, the portfolio yielded $171.86 million, demonstrating an increase compared to the $151.26 million earned in the preceding year. As the fiscal year came to a close, there was growth in the average yield on short-term deposits, climbing from 0.15 percent in September 2022 to 0.58 percent. Additionally, the average yield on corporate securities exhibited a positive trend, up from 4.72 percent as of September 30, 2022, to 5.04 percent by September 30, 2023. Similarly, government securities delivered a higher yield of 4.04 percent as of September 2023, as opposed to 3.89 percent in the previous fiscal year.

## MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Overall, the average yield on the investment portfolio for the fiscal year ending September 30, 2023, stood at 4.12 percent, compared with the 3.84 percent recorded in the previous fiscal year. For the fiscal 2023, the Corporation focused mainly on short and medium-term investments in accordance with its mandate.

Chart II below illustrates the interest earned over the past five years, which reflected an increasing trend.

**Chart II: Interest Income 2019–2023**

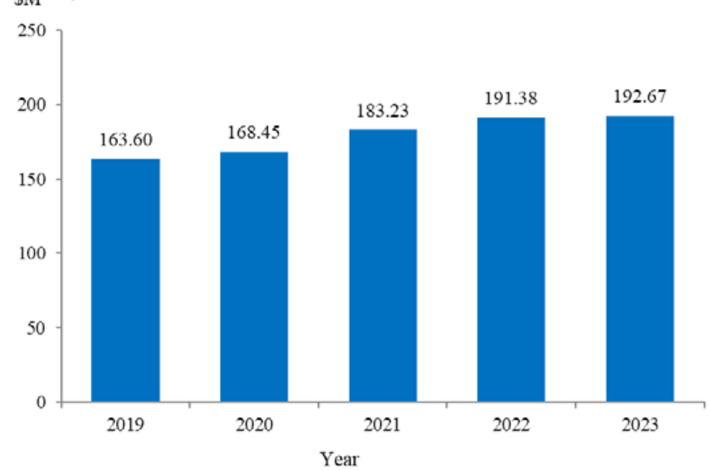



## Annual Premiums

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.

For the fiscal year concluding on September 30, 2023, annual premiums were levied and collected from twenty-four (24) member institutions, totalling $192.67 million. This amount reflects a 0.67 percent increase compared to the $191.38 million collected in 2022. The movement in annual premiums over the past five years is visually depicted in Chart III below.

**Chart III: Premium Income 2019–2023**




There was a marginal increase in annual premiums from September 30, 2022 to September 30, 2023 of $1.29 million. (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). There were neither additions nor revocations to the Fund's membership over the reporting period and as such, the total number remained at twenty-four (24) member institutions as at September 30, 2023.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

## Investments

### (a) Primary Investment Objectives and Approved Investment Categories

The Corporation has been given the power in the legislation under which it is governed, to *"…accumulate, manage and invest funds collected"*. Under this provision, the Corporation's 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.

(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 (0–10 percent of the portfolio).
- Corporate Securities (0–20 percent of the portfolio).
- Trinidad and Tobago Government Securities (20–100 percent of the portfolio).
- Foreign Investments (0–30 percent of the portfolio).
- Equities (0–1 percent of the portfolio).

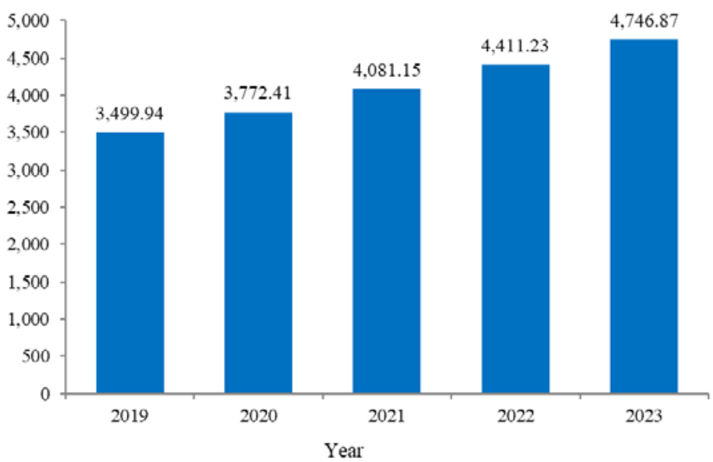
### (b) Status of the Investment Portfolio[3]

As of September 30, 2023, the investment portfolio stood at $4,746.87 million, compared with $4,411.23 million as at September 30, 2022; marking a year-on-year increase of $335.64 million or 7.61 percent. Chart IV below provides a visual representation of the consistent upward trajectory in the investment portfolio, with an average growth rate of around 8.27 percent over the past five years.

3 The investment portfolio is measured at amortised cost, which the asset was measured upon initial recognition, minus principal repayments, plus or minus the cumulative amortisation of any premium or discount, and minus any write-down for impairment or irrecoverability.

# MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

**Chart IV: Premium Income 2019–2023**




The mix of the investment portfolio between September 30, 2019 and 2023 was as follows:

**Table 2: Investment Portfolio Mix 2019–2023**

| | % of Portfolio as at | | | | |
|---|---|---|---|---|---|
| Investment Category | Sept 30, 2019 | Sept 30, 2020 | Sept 30, 2021 | Sept 30, 2022 | Sept 30, 2023 |
| Deposits and MMFs | 0.13 | 4.21 | 2.99 | 2.41 | 0.29 |
| Corporate Securities | 3.13 | 3.53 | 4.02 | 6.78 | 9.55 |
| Government Securities | 95.84 | 91.92 | 92.64 | 90.45 | 89.96 |
| Equities | 0.9 | 0.35 | 0.35 | 0.36 | 0.20 |

## Deposits

Within the financial year, Deposit balances decreased by $92.37 million to $13.77 million as at September 30, 2023, compared to $106.14 million as at September 30, 2022. During the fiscal, the availability of suitable investments, aligned with our Investment Policy, led us to reinvest a substantial portion of our cash.

## Corporate Securities

As of September 30, 2023, the value of Corporate Securities amounted to $453.40 million, showing significant growth from $299.30 million in the previous year, which represents an increase of $154.10 million. Additionally, the average yield on Corporate Securities rose to 5.04 percent as of September 30, 2022, up from 4.72 percent in the prior year.

## Government Securities

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

*Treasury Bills*

As of September 30, 2023, the value of Treasury Bills amounted to $123.73 million, a decline from the $248.65 million in the previous year, representing a decrease of $124.92 million. Furthermore, the average yield on Treasury Bills increased to 1.10 percent as of September 30, 2023, up from 0.56 percent in the prior year.

*Government Bonds - Local*

The holdings of Government Bonds - Local saw an increase over the period, reaching $2,573.00 million as of September 30, 2023, up from $2,358.02 million in the previous year, reflecting a growth of $214.98 million.

The average yield on Government Bonds - Local rose to 4.10 percent, an increase from the 4.08 percent in the previous year

*Government Bonds – State Enterprise*

The holdings of Government Bonds – State Enterprise expanded over the period, reaching $1,573.43 million as of September 30, 2023, compared to $1,383.27 million in the previous year, marking an increase of $190.16 million. The average yield on Government Bonds – State Enterprise increased to 4.18 percent, up from the 4.16 percent in the previous year.

## Liquidation

Since its establishment, the Corporation has paid insurance claims to the depositors of nine (9) institutions, which were closed by the Central Bank of Trinidad and Tobago 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 Clico Investment Bank (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.

Of the nine liquidations, to date, six (6) of the liquidations have been completed. Court orders received in 2021 for three of the six liquidations permitted the Corporation as liquidator to exit these liquidations in 2022. Three (3) institutions remain under the Corporation's purview.

# International Outreach

## International Association of Deposit Insurers

The Deposit Insurance Corporation ("DIC") is an active member[1] of the International Association of Deposit Insurers ("IADI /the Association"), the global standard setting body for deposit insurers. The DIC maximises this membership by working alongside its professional colleagues in the development of research papers aimed at enhancing policy impacting deposit insurance; and contributing to the development of expert training and educational materials. The DIC also leverages training programmes, and peer expertise through our relationships within the Association.

This past year, the DIC's contribution and participation in IADI included:

## Core Principle (CP) Steering Committee, Working Group IV

In April 2022, IADI commenced a review of 2014 Core Principles for Effective Deposit Insurance Systems ("Core Principles /CPs")[2] with a global survey of its members, establishment of a Steering Committee ("SC") and 6 Working Groups ("WGs"). The review of IADI Core Principles continued into the 2022/2023 FY.

During the year, the DIC, concluded its effort on Working Group IV of the CP Steering Committee which conducted a review of 4 of the 16 CPs: CP 4 (Relationships with Other Safety-Net Participants); CP 5 (Cross-border Issues); CP 6 (Contingency Planning and Crisis Management); and CP 12 (Dealing with Parties at Fault in a Bank Failure).

## Council Committee

### Training and Technical Assistance Council Committee (TTAC)

The DIC, through its General Manager, Michelle Rolingson-Pierre sits on the TTAC[3]. This Committee of the Executive Council is mandated to monitor compliance with the Core Principles (including through self- assessments and peer reviews), facilitate the sharing of expertise and information through training, development and educational programmes and conferences, and oversee and review the core curriculum training and technical assistance programmes, including regional technical assistance workshops.

The TTAC accomplishes its work through the Capacity Building Technical Committee (CBTC), its main, standing Technical Committee.

### Capacity Building Technical Committee (CBTC)

Under the umbrella of the CBTC, the DIC's Ria Badree, Human Resource Officer was a member of a 4-person team in the preparation of an extensive set of training materials for the new Experts Workshop, designing a hypothetical deposit insurer, its microenvironment and hypothetical scenarios to be used in the rigorous training programme. The first delivery of this programme is scheduled for December 2023.

1 IADI has four categories of participation. Currently, IADI has 95 Members, 11 Associates, and 17 Partners.

2 Last updated in 2014

3 https://www.iadi.org/en/about-iadi/organisation/committees/

INTERNATIONAL OUTREACH (CONTINUED)

## Technical Research Committees

### Financial Cooperatives Technical Committee

As part of the 2022-2023 deliverables, this Committee explored various aspects of financial cooperatives and conducted research on examining tools currently used in the resolution of Financial Cooperatives.

### Reimbursement Technical Committee (RTC)

Our engagement on the RTC resulted in an approved Research Paper, " Reimbursing Deposits Now and in the Future – Challenges, Remedies and Trends", published in October 2023. The paper identifies that the poor quality of files containing depositor information is amongst the most universally significant challenge encountered by deposit insurers in executing reimbursement. This challenge is followed by issues in the DI's information technology (IT) systems and the lack of access to or preparatory examinations of the reliability of depositors' records. You can read more here.

https://www.iadi.org/en/assets/File/Papers/Research%20Papers/Reimbursement%20Research%20Paper%20final.pdf

### Caribbean Regional Committee ("CRC")

The DIC continues as a member of the CRC together with Jamaica (current Chair), Bahamas, Barbados, British Virgin Islands, the Dutch Caribbean Netherlands, Belize and Trinidad and Tobago.

"Strengthening Public Confidence and Building Resilience" was this year's theme for the April 2023 forum hosted by the North America, Latin American and Caribbean Regional Deposit Insurance arms of the IADI, in Montréal (Québec), Canada. The DIC's Nicole Fusco, Legal Counsel /Corporate Secretary presented to our deposit insurance peers on the importance of having a public awareness strategy pre-crisis and during a crisis.

## Building Capacities

The DIC's membership provided opportunities for the DIC to expose its staff to emerging trends in deposit insurance, bank resolutions, data visualisation tools, crisis management preparedness, as well as other training through other IADI resources including literature, webinars and podcasts on deposit insurance.

During this financial year, staff members were exposed to programmes from/on:

- Federal Deposit Insurance Corporation ("FDIC") Forum on fund management, resolution and its roles in resolution planning for systemically important financial institutions;
- IADI's Visualisation of IADI's Data Analysis introduced in November 2022, designed to improve analytical and reporting opportunities through interactive dashboards;
- IADI's Seminar entitled "One Size Does Not Fit All - Tailoring Failure Resolution Frameworks for all Banks" which explored the challenges of designing resolution regimes and operational approaches that are appropriate for different types of banking institution and the structure of local banking markets; and
- Bank Resolution Online Course (BROC) certificate 40-hour training programme developed by the Financial Stability Institute (FSI) of the Bank for International Settlements (BIS) and the International Monetary Fund (IMF) addressing topics: such as dealing with weak and failing banks, resolution tools and their application, resolution planning, strategies

and cross-border implementation, protecting depositors and making resolution operational.

## Other Key Research

The IADI released its 2nd second edition of its annual IADI Report on "Deposit Insurance Global Trends and Key Issues"[4] in February 2023. The Report outlines 5 key issues with the potential to impact deposit insurers:

1. Changing macroeconomic conditions relating to increases in consumer price pressure causing many Central Banks to tighten monetary policy. With the consideration of political events and associated risks there are pressures and economic uncertainty that may result in sudden or persistently high inflation and may give reason to deposit insurers to review the appropriateness of the coverage level; and the tight monetary policy necessary to reduce inflation may reinforce the economic downturn, with associated risks to deposit insurers.
2. The role of deposit insurers in bank resolution activities continues to expand, with access by deposit insurers to a wider toolkit (beyond depositor reimbursement only), and a general decrease in prevalence of the relatively limited paybox mandate. Although the role in resolution varies significantly across jurisdictions, the long-term trend of wider deposit insurer mandates can be expected to lead to increased involvement of deposit insurers in resolution.
3. Digitisation remains relevant to deposit insurance in many areas, including operational challenges, changes in the risk profile of member banks, public awareness issues, cross-border issues, digital opportunities for deposit insurers but also operational risks of cybersecurity and the medium-term consequences of changing competition in banking markets. The impact of Central Bank Digital Currencies (CBDC) on deposits and hence deposit insurance is largely unknown. Regulatory discussions are expected to increase in relevance and global stablecoins are increasingly in the focus of global standard-setters.
4. Climate change continues to be intensively discussed in the international financial community and global standard-setting work focusses on supervision, financial stability risks and on increasing financial actors' disclosure of climate risks. For deposit insurers, five potential climate-related challenges have been identified. In addition, interest by deposit insurers has broadened to capture more than simply climate change. Environment, social and governance (ESG) deliberations have also increasingly attracted the attention of deposit insurers.
5. IADI's Core Principles Review and Update as the international standard setter for effective deposit insurance systems has made significant process in the past months and further progress
6. On the Core Principles is expected in the course of 2023.

The DIC continues to stay abreast of these international emerging trends and assess its usefulness in the context of Trinidad and Tobago.

4 IADI's Deposit Insurance in 2023: Global Trends and Key Emerging Issues https://www.iadi.org/en/news-and-media/iadi-deposit-insurance-report-global-trends-and-key-emerging-issues/2023-iadi-deposit-insurance-report-global-trends-and-key-issues/

# TEAM BUILDING AND COMMUNITY OUTREACH

## October 1, 2022 to September 30, 2023

The relaxation of COVID-19 restrictions prompted resumption in our outdoor social engagements geared towards promoting both physical well-being and social interaction amongst colleagues. We absolutely need it!

## October, 2022

### Emperor Valley Zoo Team Building

In October, 2022, staff participated in a scavenger hunt team-building activity held at the Emperor Valley Zoo, Port of Spain facilitated by Adventure, Outdoor and Tour Operator, Road Trip TT.

Divided into small groups, each was tasked with the responsibility of solving a myriad of clues in and around the Emperor Valley Zoo. The amusing exercises were both playful and challenging.

Our competitive nature aside, the games also provided an opportunity for critical thinking and problem-solving skills to unfold and also unearth emerging leaders within the groups.

## November, 2022

### Archery Session

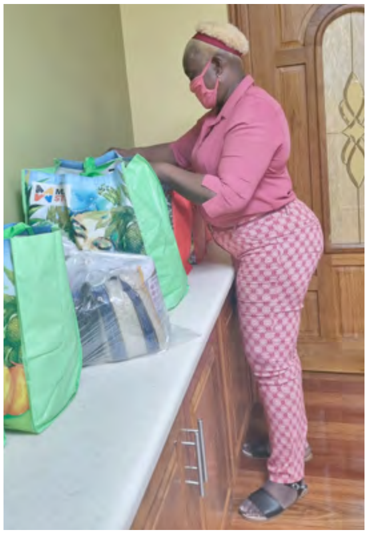
Elite Archery Club located in Walker Park, Caroni facilitated this precision-oriented session that doubled as a novel outdoor farewell event for one of its long-standing employees scheduled to proceed on pre-retirement leave.

Despite the looming inclement weather, staff eagerly assembled in formation and followed the warm-up and safety instructions of the certified trainer before proceeding to the open-air target to release the arrows.

Having adhered to the safety rules and regulations, staff was invited to the designated range area to demonstrate their prowess in the ancient sport.

Notwithstanding, that the activity was both stimulating and invigorating, it was also deemed a new learning experience that enhanced concentration levels and increased mental alertness.

# TEAM BUILDING AND COMMUNITY OUTREACH (CONTINUED)



## December, 2022

In December, 2022 the DIC partnered with non-profit organisation, the Touch of Joy Foundation ("the Foundation").

Staff volunteered and donated grocery hampers for distribution by the Foundation.

## February, 2023

In February, 2023, the DIC visited Matura Beach to participate in a beach-clean campaign organised by a local non-profit, conservation group, Nature Seekers.

Nature Seekers was established in 1990 to assist with the protection of the endangered nesting Leatherback Sea Turtles that visit the shores of the east-coast of Trinidad.

In addition, the conservation group is also responsible for the protection and preservation of the natural resources in the local community.

The DIC volunteered its time and resources to remove debris and litter from the shoreline clearing the path for the visiting Leatherback Sea Turtles. It is an activity which sought to not only to protect marine life but to safe-guard the local natural resources.

# 2023 Audited Financial Statements



# Statement of Management's Responsibility

For the year ended 30 September 2023

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of Deposit Insurance Corporation (the "Corporation") which comprise the statement of financial position as at 30 September 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the Corporation keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures the security of the Corporation's assets, detection/prevention of fraud, and the achievement of the Corporation's operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations; and
- using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Corporation will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

| | |
|---|---|
| Chairman | Director<br>Board of Management |
| Date: December 07, 2023 | Date: December 07, 2023 |

# Independent Auditors' Report

PKF
Chartered Accountants
& Business Advisors

**Shareholder**

**Deposit Insurance Corporation**

## Opinion

We have audited the financial statements of Deposit Insurance Corporation, which comprise the statement of financial position as at 30 September 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Deposit Insurance Corporation as at 30 September 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Deposit Insurance Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and the Board of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Management is responsible for overseeing the Corporation's financial reporting process.



**Telephone:** (868) 235-5063

**Address:** 111 Eleventh Street, Barataria, Trinidad, West Indies

**Mailing Address:** PO Box 10205, Eastern Main Road, San Juan

**Directors:** Renée-Lisa Philip Mark K. Superville Jenine Felician-Romain Darcel Corbin

## Independent Auditors' Report (continued)

PKF
Chartered Accountants
& Business Advisors

**Auditors' Responsibilities for the Audit of the Financial Statements**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF

**Barataria**
**TRINIDAD**
**7 December 2023**

# STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

| | Notes | 30 September 2023 $'000 | 30 September 2022 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets:** | | | |
| Property and equipment | 6 | 19,118 | 19,478 |
| Intangible assets | 7 | 187 | 297 |
| Investments | 8 | 4,790,781 | 4,355,519 |
| Total Non-Current Assets | | 4,810,086 | 4,375,294 |
| **Current Assets:** | | | |
| Liquidation advances recoverable | | 6 | 34 |
| Accounts receivable | 9 | 622 | 551 |
| Cash and cash equivalents | 10 | 18,162 | 111,747 |
| Total Current Assets | | 18,790 | 112,332 |
| **Total Assets** | | 4,828,876 | 4,487,626 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity:** | | | |
| Stated capital | 11 | 1,000 | 1,000 |
| Revaluation deficit | | (5,566) | 595 |
| Deposit Insurance Fund | | 4,832,157 | 4,485,062 |
| Total Equity | | 4,827,591 | 4,486,657 |
| **Liabilities:** | | | |
| Balance due to Central Bank | | 1 | 1 |
| Accounts payable | | 1,284 | 968 |
| Total Liabilities | | 1,285 | 969 |
| **Total Equity and Liabilities** | | 4,828,876 | 4,487,626 |

These audited financial statements have been approved by the Board of Management on 7 December 2023.

**Chairman** **Director**

(The accompanying notes form part of these financial statements)

# Statement of Comprehensive Income

For the Year ended 30 September 2023

| | Notes | 30 September 2023 $'000 | 30 September 2022 $'000 |
|---|---|---|---|
| **Income:** | | | |
| Interest income | | 171,857 | 151,260 |
| Initial contributions and annual premia | 2(l) | 192,668 | 191,380 |
| Dividends | | - | 672 |
| Liquidation/receivership fees | | - | - |
| Realised gain on sale of investments | | 2 | 66 |
| Other income | | - | 2 |
| | | 364,527 | 343,380 |
| **Expenses:** | | | |
| Staff costs | 12 | 9,021 | 10,957 |
| General and administrative | 13 | 7,674 | 4,232 |
| Depreciation and amortisation | | 737 | 1,943 |
| | | 17,432 | 17,132 |
| Net income for the year | | 347,095 | 326,248 |
| **Other comprehensive (loss)/income:** | | | |
| (Decrease)/increase in unrealised gain on investments | | (6,161) | 3,456 |
| Total other comprehensive (loss)/income | | (6,161) | 3,456 |
| Total comprehensive income for the year | | 340,934 | 329,704 |

(The accompanying notes form part of these financial statements)

# Statement of Changes in Equity

For the Year ended 30 September 2023

| | Stated Capital $'000 | Revaluation Reserve $'000 | Deposit Insurance Fund $'000 | Total $'000 |
|---|---|---|---|---|
| Balance as at 1 October 2021 | 1,000 | (2,861) | 4,158,814 | 4,156,953 |
| Net income | - | - | 326,248 | 326,248 |
| Other comprehension income | - | 3,456 | - | 3,456 |
| Balance as at 30 September 2022 | 1,000 | 595 | 4,485,062 | 4,486,657 |
| | | | | |
| Balance as at 1 October 2022 | 1,000 | 595 | 4,485,062 | 4,486,657 |
| Net income | - | - | 347,095 | 347,095 |
| Other comprehension income | - | (6,161) | - | (6,161) |
| Balance as at 30 September 2023 | 1,000 | (5,566) | 4,832,157 | 4,827,591 |

(The accompanying notes form part of these financial statements)

# STATEMENT OF CASH FLOWS

For the Year ended 30 September 2023

| | 30 September 2023 $'000 | 30 September 2022 $'000 |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Net income for the year | 347,095 | 326,248 |
| Adjustments for: | | |
| Depreciation and amortisation | 737 | 1,943 |
| Interest income and dividends | (171,857) | (151,932) |
| | 175,975 | 176,259 |
| Operating surplus before working capital changes: | | |
| Net change in liquidation advances recoverable | 28 | 8 |
| Net change in accounts receivable | (71) | 5,135 |
| Net change in current balance due to Central Bank | - | 1 |
| Net change in accounts payable | 316 | (10) |
| Cash provided by operating activities | 176,248 | 181,393 |
| **Cash Flows from Investing Activities:** | | |
| Interest and dividends received | 148,690 | 138,720 |
| Purchase of Government Treasury Bills | (123,730) | (273,584) |
| Proceeds from maturity of Government Treasury Bills | 248,650 | 336,312 |
| Proceeds from maturity of Government Treasury Notes | - | - |
| Purchase of Corporate Bonds | (269,888) | (150,062) |
| Proceeds from maturity of Corporate Bonds | 115,338 | 14,870 |
| Purchase of Government Bonds - Local | (1,110,600) | (688,146) |
| Proceeds from maturity of Government Bonds | 721,811 | 422,437 |
| Purchase of Government Bonds - Local | 163 | 1,787 |
| Net change to property and equipment and intangible assets | (267) | (278) |
| Cash used in investing activities | (269,833) | (197,944) |
| Net change in cash and cash equivalents | (93,585) | (16,551) |
| Cash and cash equivalents, beginning of year | 111,747 | 128,298 |
| Cash and cash equivalents, end of year | 18,162 | 111,747 |

(The accompanying notes form part of these financial statements)

# Notes to the Financial Statements

For the Year ended 30 September 2023

## 1. Establishment and Principal Activity:

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").

The Corporation's principal objective is to manage a Deposit Insurance Fund (the "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. Summary of Significant Accounting Policies:

### a) Basis of preparation

These financial statements are expressed in Trinidad and Tobago dollars, rounded to the nearest thousand and are prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRS).

### b) Use of estimates

The preparation of financial statements in conformity with IFRSs 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### c) New accounting standards and interpretations

*New standards and amendments adopted by the Corporation*

The Corporation did not adopt any new or amended standards during the current financial period.

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

### c) New accounting standards and interpretations (cont'd)

***New standards, amendments and interpretations issued but not effective and not early adopted.***

The Corporation has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Corporation or have no material impact on its financial statements:

IFRS 4 Insurance Contracts - Amendments regarding IFRS 17 and the extension of the temporary exemption from applying IFRS 9 (effective for accounting periods beginning on or after 1 January 2023).

IFRS 17 Insurance Contracts (effective for accounting periods beginning on or after 1 January 2023).

IAS 1 Presentation of Financial Statements - Amendments regarding the classification of liabilities as current and non-current (effective for accounting periods beginning on or after 1 January 2023).

IAS 1 Presentation of Financial Statements - Amendments regarding non- current liabilities with covenants (effective for accounting periods beginning on or after 1 January 2024).

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective for accounting periods beginning on or after 1 January 2023).

IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective for accounting periods beginning on or after 1 January 2023).

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

**d) Financial instruments**

**Under IFRS 9 effective for the year ended September 30, 2023**

**(i) Financial assets**

The Corporation has adopted IFRS 9, effective October 1, 2018, and classifies its financial assets based on the following business models:

- Held for trading
- Hold to collect and sell or
- Hold to collect

Based on the Corporation's business model, financial assets are classified into the following categories:

*Amortized cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not recognised at fair value through profit and loss (FVPL) are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 15. Interest income from these financial assets is included in the statement of comprehensive income using the effective interest rate method.

*Fair value through other comprehensive income (FVOCI)*

At initial recognition, the Corporation made an irrevocable election to present subsequent changes in the fair value of its investments in equity instruments in other comprehensive income, as they are not held for trading. Dividends are recognised in profit or loss only when the Corporation's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the Corporation, and the amount of the dividend can be measured reliably.

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

### d) Financial instruments (cont'd)

**<u>Under IFRS 9 effective for the year ended September 30, 2023 (cont'd)</u>**

### (i) Financial assets (cont'd)

*Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

a) The cash flow characteristics of the asset; and

b) The Corporation's business model for managing the asset.

*Corporation's business model*

The business model reflects how the Corporation manages the assets in order to generate cash flows. An assessment is made at a portfolio level and includes an analysis of factors such as:

- The stated objective and policies of the portfolio and the operation of those in practice. More specifically whether the Corporation's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows from the sale of assets.
- Past experience on how the cash flows for these assets were collected.
- Determination of performance targets for the portfolio, how evaluated and reported to key management personnel.
- Management identification of and response to various risks, which includes but not limited to liquidity risk, market risk, credit risk and interest rate risk.
- How managers are compensated e.g. if compensation is based on the fair value of assets managed or contractual cash flows collected.

Arising out of the assessment, the Corporation's debt portfolio was deemed to have the 'hold to collect' business model.

The Corporation reclassifies debt instruments when, and only when, it's business model for managing those assets changes. The classification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

### d) Financial instruments (cont'd)

**Under IFRS 9 effective for the year ended September 30, 2023 (cont'd)**

#### (i) Financial assets (cont'd)

Solely payments of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows the Corporation assesses whether flows represent solely payment of principal and interest (SPPI test). In making this assessment, the Corporation considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit and loss.

Recognition/de-recognition of financial assets

All purchases and sales of financial assets are recognised on the trade date - the date on which the Corporation commits to purchase or sell the financial asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Corporation has transferred substantially all risks and rewards of ownership.

#### (ii) Impairment

The Corporation assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The Corporation recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

**d) Financial instruments (cont'd)**

**Under IFRS 9 effective for the year ended September 30, 2023 (cont'd)**

**(iii) Expected credit loss measurement**

IFRS 9 outlines a 'three-stage' mode for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Corporation.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit- impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

**Change in credit quality since initial recognition**

| Stage 1 | Stage 2 | Stage 3 |
|---|---|---|
| **(Initial recognition)** | **(Significant increase in credit risk)** | **(Credit-impaired assets)** |
| 12 month expected credit losses | Lifetime expected credit losses | Lifetime expected credit losses |

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

### d) Financial instruments (cont'd)

**Under IFRS 9 effective for the year ended September 30, 2023 (cont'd)**

#### (iv) Significant increase in credit risk (SICR)

The Corporation considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met.

| Criteria | Investment Grade Portfolio | Single "B" Speculative Grade Portfolio |
|---|---|---|
| **Absolute Measure** | PD - 15% or higher | PD - 25% or higher |
| **AND** | **AND** | **AND** |
| **Relative Measure** | One notch downgrade (investment securities rating scale) | One notch downgrade (investment securities rating scale) |

The Corporation has used the low credit risk exemption for all of its financial instruments as at the year ended September 30, 2023. The Corporation considers the following characteristics to be low credit risk:

- Direct Government instruments
- Government guaranteed instruments
- Investments with a minimum long term investment grade rating:
  - BBB (Standard and Poor's)
  - BBB (Fitch Ratings)
  - Baa2 (Moody's)
  - CariAA(+/-) (CariCRIS)

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

### d) Financial instruments (cont'd)

**Under IFRS 9 effective for the year ended September 30, 2023 (cont'd)**

#### (v) Definition of default and credit-impaired assets

The Corporation defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired when it meets one or more of the following criteria:

*Quantitative criteria*

The borrower is more than 90 days past due on its contractual payments.

*Qualitative criteria*

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

The borrower formally files for bankruptcy or there is a commencement of foreclosure proceedings.The obligation is classified as doubtful or worse as per the Corporation's classification process.

A modification to the terms and conditions of the original agreement that would not normally be considered is executed

Restructure proceedings or an indication of the intention to restructure is initiated by the issuer.

The criteria above have been applied to all financial instruments held by the Corporation and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), throughout the Corporation's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

### d) Financial instruments (cont'd)

**Under IFRS 9 effective for the year ended September 30, 2023 (cont'd)**

**(vi) Measuring ECL – Explanation of inputs, assumptions and estimation techniques**

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per-Definition of default and credit-impaired above), either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Corporation expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Corporation's expectation of the extent of loss on a defaulted exposure. LGD varies by seniority of the claim and product type, while the availability of collateral is factored before LGD is considered. LGD is expressed as the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the debt instrument.

The ECL is determined by multiplying the PD, LGD and EAD after taking into consideration the discounted present value of the EAD and collateral enhancements. The EAD is determined by reducing the outstanding balance from the discounted collateral value. The cost of disposal of the collateral item is factored together with the time frame for disposal before discounting to present values. The discount rate used in the ECL calculation is the original effective interest rate.

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

### d) Financial instruments (cont'd)

**Under IFRS 9 effective for the year ended September 30, 2023 (cont'd)**

#### (vi) Measuring ECL – Explanation of inputs, assumptions and estimation techniques (cont'd)

The EAD is considered as follows:

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is calculated by taking the current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on an analysis of the product's usage over a two-year period.
- The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post-default.

The Investments PDs are taken from the transaction matrices of Standard and Poor's, Fitch Ratings, Moody's and CariCRIS.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

#### (vii) Forward-looking information incorporated in the ECL models

The calculation of ECL incorporates forward-looking information. The Corporation has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

The most significant assumption affecting the ECL allowance for the investment portfolio is GDP-given the significant impact on Corporation performance and collateral valuations.

#### (viii) Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost. Financial liabilities include the balance due to Central Bank and accounts payable. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished (that is, when the obligation specified in the contract is discharged, cancelled or expired).

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

### d) Financial instruments (cont'd)

**Under IFRS 9 effective for the year ended September 30, 2023 (cont'd)**

#### (ix) Determination of fair value

For financial instruments traded in an active market, the determination of fair values of financial assets and liabilities is based on quoted market prices or dealer price quotations.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

Indicators that a market is inactive are when there is a wide bid-offer spread or a significant increase in the bid-offer spread or there are few recent transactions. For all other financial instruments, fair value is determined using valuation techniques. In these techniques fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques using input existing at year-end.

The Corporation uses an internally developed model which is generally consistent with other valuation models used in the industry. Valuation models are used to value unlisted debt securities and other debt securities for which the market has become or is illiquid. Some of the inputs of this model may not be market observable and are therefore based on assumptions.

### (e) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is adjusted to reflect the revised estimate.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro-rata basis.

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

### f) Stated capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

### g) 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.

### h) Foreign currency translation

#### i) Functional and presentation currency

Items included in the financial statements of the Corporation are measured using the currency of the primary economic environment in which the Corporation operates (the "functional currency"). The financial statements are presented in Trinidad and Tobago Dollars, which is the Corporation's functional and presentation currency.

#### ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year- end exchange rates of monetary assets liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

### i) Property and equipment

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

The rates used are as follows:

| | | Rate | Method |
|---|---|---|---|
| Buildings | - | 2% | Straight line |
| Buildings improvements | - | 2% | Straight line |
| Motor vehicles | - | 25% | Straight line |
| Furniture and fixtures | - | 10% | Straight line |
| Office equipment | - | 20% | Straight line |
| Computer equipment | - | 25% | Straight line |

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.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognised in the statement of comprehensive income.

*Disposal*

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with their carrying amounts and are recognised in the statement of comprehensive income for the year.

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

### j) 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 four (4) years on a straight line-basis.

### k) Comparative figures

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

### l) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Corporation and the amount of the revenue can be measured reliably.

#### (i) Premium income

Premium income is recognised on the accruals basis. 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.

#### (ii) Investment income

Investment income is accrued on the time basis by reference to the principal outstanding and the interest rate applicate under the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability and is not revised subsequently. When calculating the effective interest rate, the Corporation estimates the future cash flows considering all contractual terms of the financial instrument, but not the future credit losses.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 2. Summary of Significant Accounting Policies (cont'd):

### m) Other assets

Other assets are generally measured at amortised cost.

### n) 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.

### o) Levy of initial contributions

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 (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.

### 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)].

### q) Expenses

Staff costs, and general and administrative expenses are recognised on an accrual basis.

### r) Pensions

The Corporation maintains a voluntary contribution plan for its employees. This is a funded scheme and the åCorporation’s contributions are charged in the profit or loss for the year as incurred.

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 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.

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 summarised in the table below, which analyses assets and liabilities at their carrying amounts categorised according to their maturity dates.

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 3. Financial Risk Management (cont'd):

**Financial risk factors (cont'd)**

**a) Interest rate risk (cont'd)**

**(ii) Interest rate sensitivity gap (cont'd)**

| | Effective Rate % | Up to 1 year $'000 | 2 to 5 years $'000 | Over 5 years $'000 | Non-Interest Bearing $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| **Financial assets** | | | | | | |
| Investments | | 363,847 | 2,749,141 | 1,668,259 | 9,534 | 4,790,781 |
| Liquidation advances recoverable | | - | - | - | 6 | 6 |
| Other financial assets | | - | - | - | 120 | 120 |
| Cash and cash equivalents | | 18,162 | - | - | - | 18,162 |
| | | 382,009 | 2,749,141 | 1,668,259 | 9,660 | 4,809,069 |
| **Financial liabilities** | | | | | | |
| Other financial liabilities | | - | - | - | 1,284 | 1,284 |
| **Net gap** | | 382,009 | 2,749,141 | 1,668,259 | 8,376 | 4,807,785 |
| **Cumulative gap** | | 382,009 | 3,131,150 | 4,799,409 | 4,807,785 | |
| **2022** | | | | | | |
| **Financial assets** | | | | | | |
| Investments | | 890,217 | 1,843,633 | 1,605,810 | 15,859 | 4,355,519 |
| Liquidation advances recoverable | | - | - | - | 34 | 34 |
| Other financial assets | | - | - | - | 54 | 54 |
| Cash and cash equivalents | | 111,747 | - | - | - | 111,747 |
| | | 1,001,964 | 1,843,633 | 1,605,810 | 15,947 | 4,467,354 |
| **Financial liabilities** | | | | | | |
| Other financial liabilities | | - | - | - | 968 | 968 |
| **Net gap** | | 1,001,964 | 1,843,633 | 1,605,810 | 14,979 | 4,466,386 |
| **Cumulative gap** | | 1,001,964 | 2,845,597 | 4,451,407 | 4,466,386 | |

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 3. Financial Risk Management (cont'd):

**Financial risk factors (cont'd)**

**a) Interest rate risk (cont'd)**

**(ii) Interest rate sensitivity gap (cont'd)**

The Corporation is not subject to significant interest rate changes as interest rates are fixed on investments at amortised cost. 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 Statement of Financial Position date.

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, liquidation advances recoverable, accounts receivables and cash and cash equivalents on the Statement of Financial Position.

**c) Liquidity risk**

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. 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.

The Corporation is able to make daily calls on its available cash resources to settle financial and other liabilities. The Corporation's liabilities at the reporting date are due within the next six months and are not considered material for disclosure purposes.

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 3. Financial Risk Management (cont'd):

### 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:

| | 30 September | |
|---|---|---|
| | **2023** | **2022** |
| | **$'000** | **$'000** |
| United States Dollars | 182 | 579 |

### e) 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 risks.

### 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.

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 3. Financial Risk Management (cont'd):

### 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 minimise this risk.

### i) Capital Management – Adequacy of the Deposit Insurance Fund

The Corporation's capital comprises stated 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 Corporation 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, 2023, there were 24-member institutions with total eligible deposits estimated at $99.5 billion (2022: $95 billion), of which the Corporation covered at a flat rate of 0.2% (2022: 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 payout depositors in accordance with its resolution powers under the Act, and if 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.

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

### 4. 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 (b).

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 the Statement of Comprehensive Income 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.

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 Statement of Financial Position 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 and Equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these 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 utilises various degrees of judgements affecting the specific investment.

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

### 5. Assets Under Administration:

There exist three (3) failed non-banking financial institutions for which the Corporation serves as liquidator. These companies and their year of liquidation are as follows:

- Trade Confirmers Limited (in liquidation) 1986
- Swait Finance Limited (in liquidation) 1986
- 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. The Corporation is presently awaiting the order of the court to exit Trade Confirmers Limited (in liquidation) and Swait Finance Limited (in liquidation).

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 30 September 2023. In relation to the table, the following points should be noted:

(a) The assets at closure are reported at net realisable value representing a reasonable estimate of the amount for which the assets could have been sold.

(b) Total realisations represent the amount received to date from the sale of liquidated assets.

(c) The liabilities at closure represent the total amount owing by the failed institutions, inclusive of deposit liabilities, as at the date of closure.

(d) Liabilities incurred represent liquidation expenses from the date of closure up to the end of the reporting period.

(e) Total payments represent liquidation expenses paid and insurance payments recovered as at the reporting date.

(f) Remaining liabilities represent the balance due to unsecured creditors as at the reporting date.

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 5. Assets Under Administration (cont'd):

The legislation authorises the Deposit Insurance Corporation to recover insurance paid from the sales proceeds of liquidated assets in priority to unsecured creditors.

| | 30 September 2023 $'000 | 30 September 2022 $'000 |
|---|---|---|
| a) Total value of assets at closure of Financial Institutions | 6,052,802 | 6,052,802 |
| b) Total subsequent realisations | 6,831,609 | 6,839,680 |
| c) Total liabilities at closure of Financial Institutions | (11,826,397) | (11,826,397) |
| d) Total addition liabilities incurred | (3,784,876) | (3,790,445) |
| e) Total subsequent payments | 10,454,797 | 10,384,891 |
| f) Outstanding liabilities at year end | (5,156,476) | (5,231,951) |

## Notes to the Financial Statements (continued)

for the year ended 30 September 2023

## 6. Property and Equipment:

| | Land and Buildings $'000 | Building Improvements $'000 | Motor Vehicles $'000 | Furniture and Fixtures $'000 | Office Equipment $'000 | Computer Equipment $'000 | Work in Progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| Balance as at 1 October 2022 | 15,859 | 4,997 | 754 | 1,234 | 2,414 | 1,513 | 10 | 26,781 |
| Additions | - | 64 | - | 12 | 3 | 161 | - | 240 |
| Reclassification | - | - | - | - | - | - | - | - |
| Disposals | - | - | (514) | (38) | (186) | (92) | - | (830) |
| Balance as at 30 September 2023 | 15,859 | 5,061 | 240 | 1,208 | 2,231 | 1,582 | 10 | 26,191 |
| **Accumulated depreciation** | | | | | | | | |
| Balance as a 1 October 2022 | 1,386 | 595 | 737 | 955 | 2,339 | 1,291 | - | 7,303 |
| Charge for the year | 174 | 101 | 17 | 76 | 61 | 166 | - | 595 |
| Disposals | - | - | (514) | (33) | (186) | (92) | - | (825) |
| Balance as at 30 September 2023 | 1,560 | 696 | 240 | 998 | 2,214 | 1,365 | - | 7,073 |
| **Net book value** | | | | | | | | |
| Balance as at 30 September 2023 | 14,299 | 4,365 | - | 210 | 17 | 217 | 10 | 19,118 |
| Balance as at 30 September 2022 | 14,473 | 4,402 | 17 | 279 | 75 | 222 | 10 | 19,478 |

## Notes to the Financial Statements (continued)

for the year ended 30 September 2023

### 6. Property and Equipment (cont'd):

| | Land and Buildings $'000 | Building Improvements $'000 | Motor Vehicles $'000 | Furniture and Fixtures $'000 | Office Equipment $'000 | Computer Equipment $'000 | Work in Progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| Balance as at 1 October 2021 | 15,859 | 4,997 | 754 | 1,263 | 2,423 | 1,792 | 10 | 27,098 |
| Additions | - | - | - | - | - | 119 | - | 119 |
| Reclassification | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | (29) | (9) | (398) | - | (436) |
| Balance as at 30 September 2022 | 15,859 | 4,997 | 754 | 1,234 | 2,414 | 1,513 | 10 | 26,781 |
| **Accumulated depreciation** | | | | | | | | |
| Balance as a 1 October 2021 | 1,213 | 495 | 531 | 765 | 1,478 | 1,500 | - | 5,982 |
| Charge for the year | 173 | 100 | 206 | 211 | 867 | 189 | - | 1,746 |
| Disposals | - | - | - | (21) | (6) | (398) | - | (425) |
| Balance as at 30 September 2022 | 1,386 | 595 | 737 | 955 | 2,339 | 1,291 | - | 7,303 |
| **Net book value** | | | | | | | | |
| Balance as at 30 September 2022 | 14,473 | 4,402 | 17 | 279 | 75 | 222 | 10 | 19,478 |
| Balance as at 30 September 2021 | 14,646 | 4,502 | 223 | 498 | 945 | 292 | 10 | 21,116 |

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

### 7. Intangible Assets:

| | 30 September 2023 $'000 | 30 September 2022 $'000 |
|---|---|---|
| **Computer software** | | |
| **Cost** | | |
| Balance as at 1 October | 5,509 | 6,318 |
| Additions | 32 | 187 |
| Disposals/reclassifications | - | - |
| | - | (996) |
| Balance as at 30 September | 5,541 | 5,509 |
| **Accumulated amortisation** | | |
| Balance as at 1 October | 5,212 | 5,994 |
| Charge for the year | 142 | 197 |
| Disposals/reclassifications | - | (979) |
| Balance as at 30 September | 5,354 | 5,212 |
| **Net book values as at 30 September** | 187 | 297 |

# Notes to the Financial Statements (continued)
For the Year ended 30 September 2023

## 8. Investments:

| | 30 September 2023 $'000 | 2022 $'000 |
|---|---|---|
| Amortised cost | | |
| Current - | | |
| Government Treasury Bills | 124,313 | 249,350 |
| Government Bonds | 231,169 | 535,821 |
| Corporate Bonds | 8,366 | 105,045 |
| | 363,848 | 890,216 |
| Non-current - | | |
| Government Bonds | 3,964,217 | 3,250,178 |
| Corporate Bonds | 453,182 | 199,266 |
| | 4,417,399 | 3,449,444 |
| | 4,781,247 | 4,339,660 |
| Fair value through other comprehensive income | | |
| Equities | 9,535 | 15,859 |
| | 9,535 | 15,859 |
| | 4,790,782 | 4,355,519 |

## 9. Accounts Receivables:

| | 30 September 2023 $'000 | 2022 $'000 |
|---|---|---|
| Prepayments | 497 | 497 |
| Loan receivable | 115 | 45 |
| Other receivables | 5 | 9 |
| | 616 | 551 |

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

### 10. Cash and Cash Equivalents:

| | 30 September 2023 $'000 | 30 September 2022 $'000 |
|---|---|---|
| Cash held at the Central Bank of Trinidad and Tobago | 13,349 | 106,595 |
| Cash held at other financial institutions | 4,798 | 5,145 |
| Cash on hand | 15 | 7 |
| | 18,162 | 111,747 |

### 11. Stated Capital:

The Corporation is a statutory body, the authorised and issued capital of which is fixed by the Central Bank Act Chapter 79:02 in the amount of $1,000,000. However, an increase may be approved by the Minister to whom the responsibility for finance is assigned.

### 12. Staff Cost:

| | 30 September 2023 $'000 | 30 September 2022 $'000 |
|---|---|---|
| Salaries and overtime | 5,619 | 6,711 |
| Staff allowance | 1,634 | 2,387 |
| Gratuity | 331 | 328 |
| Directors' fees | 314 | 324 |
| Pension contributions (Note 11) | 412 | 372 |
| National Insurance contributions | 269 | 262 |
| Staff benefits | 334 | 380 |
| Medical and workmen compensation insurance | 108 | 193 |
| | 9,021 | 10,957 |

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 13. General and Administrative Expenses:

| | 30 September 2023 $'000 | 30 September 2022 $'000 |
|---|---|---|
| Information technology | 821 | 827 |
| Security services | 675 | 675 |
| Repairs and maintenance | 455 | 596 |
| Professional fees | 3,854 | 521 |
| Broker fees | 59 | 17 |
| Janitorial services | 327 | 284 |
| Utilities | 206 | 198 |
| Training and education | 194 | 92 |
| International Association of Deposit Insurers membership fees | 177 | 218 |
| Public relations and advertising | 408 | 408 |
| Telecommunications | 141 | 110 |
| Printing and stationery | 86 | 113 |
| Property services | 136 | 41 |
| Motor vehicles repairs and maintenance | 26 | 76 |
| Archiving | 13 | 10 |
| Miscellaneous | 17 | 12 |
| Library services | 8 | 6 |
| Meeting expenses | 58 | - |
| Rates and taxes | 9 | 18 |
| Loss on disposal of property and equipment | 4 | 10 |
| | 7,674 | 4,232 |

## 14. 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 during the year ended 30 September 2023 were **$412,258** (2022: $372,176).

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

### 15. Related Party Transactions:

Related party balances -

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 Corporation;

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

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

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

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.

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

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

| | 30 September 2023 $'000 | 30 September 2022 $'000 |
|---|---|---|
| Transactions with the Central Bank of Trinidad and Tobago | | |
| Balance as at 1 October | 2 | - |
| Personnel and administration expenses reimbursable to the Central Bank of Trinidad and Tobago | (4) | (4) |
| Reimbursements made by the Corporation | 2.5 | 6 |
| Balance as at 30 September | 0.5 | 2 |

# Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 15. Related Party Transactions (cont'd):

**Key management personnel compensation**

| | 30 September 2023 $'000 | 30 September 2022 $'000 |
|---|---|---|
| Short-term employee benefits | 3,558 | 4,647 |
| Post-employment benefits | 135 | 114 |
| | 3,693 | 4,761 |

## 16. Employees:

At 30 September 2023 the Corporation had in its employ a staff of 18 persons (2022: 21).

## 17. Fair Values 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 2.6 (vii).

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 categorisation from the prior year.

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

## 17. Fair Values of Financial Instruments (cont'd):

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

At year-end, the following financial instruments were measured at fair value.

| | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **As at 30 September 2023** | | | | |
| Investment - equities | 9,535 | - | - | 9,535 |
| **As at 30 September 2022** | | | | |
| Investment - equities | 15,859 | - | - | 15,859 |

The following financial instruments were not measured at fair value.

| | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Fair value $'000 | Carrying Amount $'000 |
|---|---|---|---|---|---|
| **As at 30 September 2023** | | | | | |
| Investment at amortised cost | - | 4,816,093 | - | 4,816,093 | 4,781,247 |
| **As at 30 September 2022** | | | | | |
| Investment at amortised cost | - | 4,436,120 | - | 4,436,120 | 4,339,660 |

## Notes to the Financial Statements (continued)

For the Year ended 30 September 2023

### 18. Classification of Financial Assets and Financial Liabilities:

The following table provides a reconciliation between line items in the Statement of Financial Position and the categories of financial instruments.

| | Fair value Through other Comprehensive Income ($) | Amortised Cost ($) | Total ($) |
|---|---|---|---|
| **Year ended 30 September 2023** | | | |
| **Assets** | | | |
| Investments | 9,534 | 4,781,247 | 4,790,781 |
| Liquidation advances recoverable | - | 6 | 6 |
| Accounts receivable | - | 120 | 120 |
| Cash and cash equivalents | - | 18,162 | 18,162 |
| Total financial assets | 9,534 | 4,799,555 | 4,809,089 |
| **Liabilities** | | | |
| Accounts payable | - | 1,284 | 1,284 |
| Total financial liabilities | - | 1,284 | 1,284 |
| **Year ended 30 September 2022** | | | |
| Assets | | | |
| Investments | 15,859 | 4,339,660 | 4,355,519 |
| Liquidation advances recoverable | - | 34 | 34 |
| Accounts receivable | - | 54 | 54 |
| Cash and cash equivalents | - | 111,747 | 111,747 |
| Total financial assets | 15,859 | 4,451,495 | 4,467,354 |
| Liabilities | | | |
| Accounts payable | - | 968 | 968 |
| Total financial liabilities | - | 968 | 968 |

### 19. Subsequent Events:

Management has evaluated the possibility of subsequent events existing in the Corporation's financial statements from 1 October 2023 through 7 December 2023, the date the financial statements were available to be issued. Management has determined that there are no material events that would require adjustment or disclosure in the Corporation's financial statement.

DEPOSIT INSURANCE CORPORATION
TRINIDAD AND TOBAGO

**Address:**

19-20 Victoria Square West, Port of Spain

**Telephone:** 1 (868) 285-9342
**Website:** www.dictt.org
**Email:** info@dictt.org