Claiming Our New Space

DIC Deposit Insurance Corporation

annual report 2016

About The DIC

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

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

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

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

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

Our Vision

To be a highly proactive and effective deposit insurance system.

Our Mission

To protect eligible depositors from losses from member institutions' distress or inslovency.

Contents

Dr. Alvin Hilaire
Chairman
Deposit Insurance Corporation

Chairman's Remarks

Despite a year which saw subdued investment, and heightened policy uncertainty, international growth expanded by 3.1 per cent, in 2016. However, in the Caribbean growth slowed to 3.4 per cent, and Trinidad and Tobago saw a significant contraction in growth of -2.3 per cent.

The sharp decline in growth in Trinidad and Tobago was a result of the trade shock which began in 2014 — a significant price shock that should be viewed in the context of lingering fragility following the major 2008/09 global financial crisis — coupled with a decline in output in the energy sector.

I am pleased to say that the financial sector has remained stable in the face of this very challenging economic environment. However, the uncertainty the country has experienced reinforces the very important role played by those institutions which form the financial safety net, including the Deposit Insurance Corporation (DIC).

In this context, I am pleased to say that the DIC performed creditably, registering a 9 per cent increase in the balance of the Deposit Insurance Fund, which now stands at $2,814.2 million. The main sources of this growth in the Fund were premiums and interest income.

The theme for this year's Annual Report — Claiming our New Space — is indeed fitting, commemorating as it does the relocation of the DIC from the 11th Floor of the Central Bank of Trinidad and Tobago building, a space it had occupied for some 30 years, to its first solely-owned property located at 19-20 Victoria Square West, Port of Spain.

I wish to thank and congratulate all members of the DIC team for embracing our new space as we begin a new era in the life of the institution.

Board Members

for the financial year October 1, 2015 to September 30, 2016

From left to right

Jeewan Kowlessar

Svetlana Dass

Dr. Alvin Hilaire, Chairman

Hayden Manzano

Naveen Lalla

Directors' Profiles

Dr. Alvin Hilaire – Chairman

(Appointment effective February 4, 2016)

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. 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.

Dr. Alvin Hilaire

Naveen Lalla - Director

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

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

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

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

Svetlana Dass - Director

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

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

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

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

Jeewan Kowlessar - Director

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

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

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

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

Hayden Manzano - Director

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

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

Corporate Profile

Office

19-20 Victoria Square West
Port of Spain
Tel: 868 285-9342
Hotline: 800-4DIC
Fax: 868 623-5311
E-Mail: info@dictt.org
Website: www.dictt.org

Banker

Central Bank of Trinidad and Tobago
Central Bank Building
Eric Williams Plaza
Independence Square
Port of Spain

Auditor

KPMG
Trinre Buiding
69-71 Edward Street
P.O. Box 1328
Port of Spain

Member Institutions

ANSA Merchant Bank Limited
Bank of Baroda (Trinidad and Tobago) Limited
Caribbean Finance Company Limited
Citibank (Trinidad and Tobago) Limited
Citicorp Merchant Bank Limited
Development Finance Limited
Fidelity Finance and Leasing Company Limited
FirstCaribbean International Bank (Trinidad and Tobago) Limited
First Citizens Bank Limited
First Citizens Asset Management Limited
First Citizens Trustee Services Limited
Guardian Group Trust Limited
JMMB Bank (T&T) Limited
Intercommercial Trust and Merchant Bank Limited
Island Finance Trinidad and Tobago Limited
Massy Finance GFC Limited
NCB Global Finance Limited
RBC Royal Bank (Trinidad and Tobago) Limited
RBC Investment Management (Caribbean) Limited
RBC Merchant Bank (Caribbean) Limited
RBC Trust (Trinidad and Tobago) Limited
Republic Bank Limited
Scotiabank Trinidad and Tobago Limited
Scotia Investments Trinidad and Tobago Limited

The DIC Team

Ria Badree
Human Resource Officer

Shobhanna Badri Maharaj
Legal Counsel

Shivana Bunraj
Finance, Research & Market Analyst

Candice Chariandy
Senior Internal Auditor

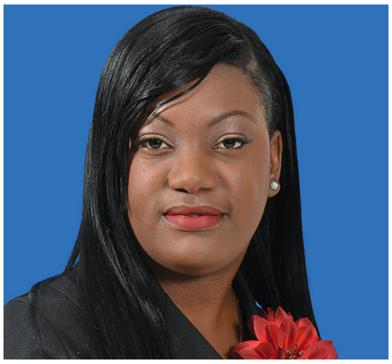
Eon Crichlow
Technical Analyst

Jacqueline Davis-McKree
Accounting Assistant

Maurice Duprey
Office Assistant/Courier

Jacqueline Fermin
Head, Corporate Services & Finance

Allison Field
Assistant Accountant



Crystal-Ann Graham
Liquidations Assistant

Gemma Henry
Executive Secretary

Kaila Mayers
Research Officer

Riad Mohammed
Research/Database Assistant

Noel Nunes
Senior Insurance & Planning Officer

Onifa Olúségun-Murray
Hospitality Attendant

Kavita Parag
Receptionist/Administrative Assistant

Nicholas Ramsey
Business Analyst

Jennifer Singh
Administrative Assistant

Dixie-Ann Thom
Communications Technician

Ingrid White-Wilson
Corporate Secretary/Legal Counsel

Management Discussion & Analysis 2016

Financial **Highlights**

Balance Sheet as at	SEPT 30, 2016 $M	SEPT 30, 2015 $M	SEPT 30, 2014 $M	SEPT 30, 2013 $M	SEPT 30, 2012 $M
Total Assets at the End of the Year	2,816.3 (9%)	2,591.5 (9%)	2,376.1 (10%)	2,167.8 (10%)	1,973.7 (11%)
Fund Balance at the end of the Year	2,814.2 (9%)	2,587.8 (9%)	2,373.6 (10%)	2,165.9 (10%)	1,972.0 (11%)
Investment Portfolio	2,697.2 (11%)	2,438.2 (4%)	2,335.4 (10%)	2,129.0 (10%)	1,934.1 (11%)
Statement of Net Income and Deposit Insurance Fund for the Year Ended	**SEPT 30, 2016 $M**	**SEPT 30, 2015 $M**	**SEPT 30, 2014 $M**	**SEPT 30, 2013 $M**	**SEPT 30, 2012 $M**
Net Income for the Year	226.3 (6%)	214.3 (3%)	207.6 (7%)	194.9 (3%)	188.8 (-0.05%)
Interest Earned	81.3 (0%)	81.3 (-0.6%)	86.4 (-0.4%)	89.7 (0.1%)	89.6 (-8.76%)
Premium Income	159.7 (4%)	154.1 (10%)	139.6 (12%)	125.2 (10%)	114.2 (10%)
Expenses	21.8 (1%)	21.6 (15%)	18.8 (-0.7%)	20.3 (30%)	15.6 (18%)

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

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

Deposit Insurance Fund

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

The balance on the Deposit Insurance Fund as at September, 2016 was $2,814.2 million, an increase of 9 per cent year-on-year. The main sources of growth in the Fund were premiums and interest income (after expenses). The growth of the Fund over the past five years is illustrated in Chart I.

Net Income, which represents total income less operating expenses, for the financial year ended September 30, 2016 amounted to $226.3 million compared to $214.3 million year-on-year. This represented an increase of $12 million or 6 per cent more than the amount recorded for the 2015 financial year.

Total Income realised over the period amounted to $248.1 million, an increase of $12.2 million more than the amount recorded for the financial year ended September 30, 2015. The Total Expenses used to manage the Fund amounted to $21.8 million; compared to $21.6 million for the financial year ended September 30, 2015.

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

Interest Income

Interest or investment income is generated by the Corporation's investment activity. During the financial year which ended September 30, 2016, the portfolio earned $81.3 million; exactly matching the amount earned the previous financial year. Over the 2016 financial year, market rates increased slightly when compared to the previous years. The average yield on short-term securities stood at 2.15 per cent at the end of the financial year. In relation to long-term securities, the average yield was 4.31 per cent up from 4.17 per cent, year-on-year. Overall, the average yield on the investment portfolio for the financial year ended September 30, 2016 was 3.21 per cent compared to 3.15 per cent as at the previous financial year end. Chart II below illustrates the interest earned over the past five years.

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.

Chart 1: Deposit Insurance Fund

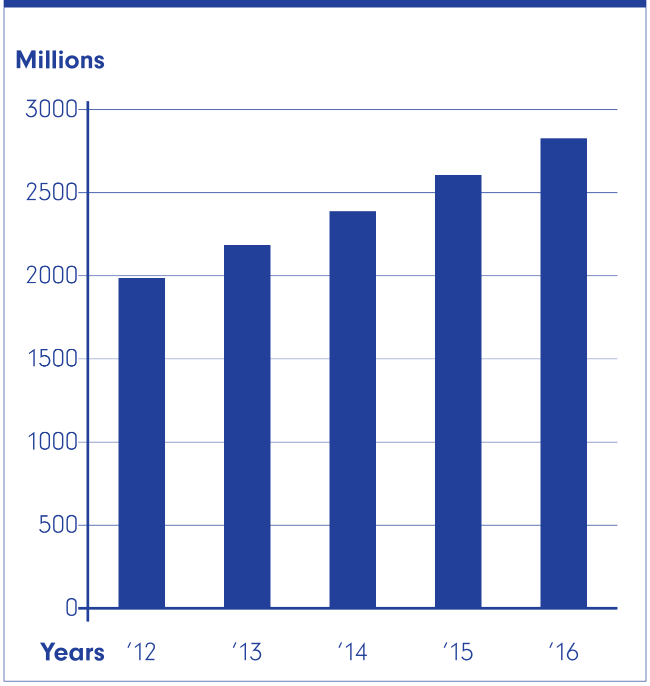
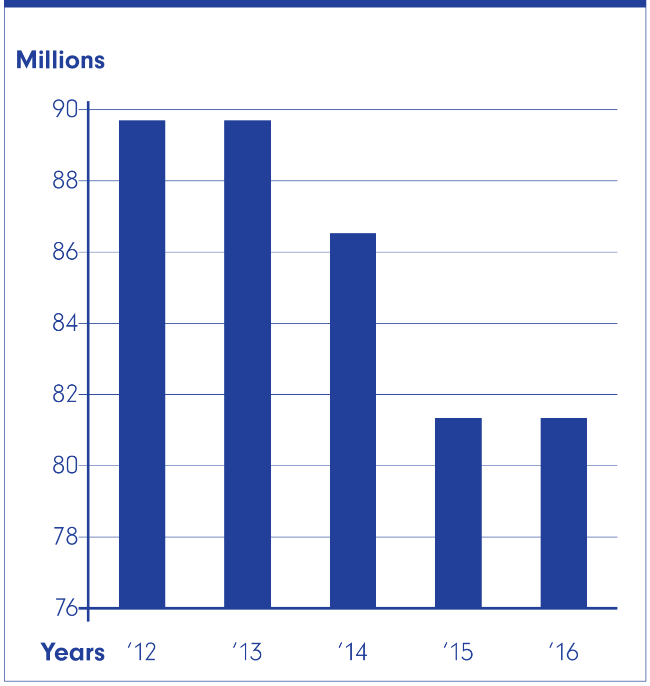


Chart 2: Interest Income



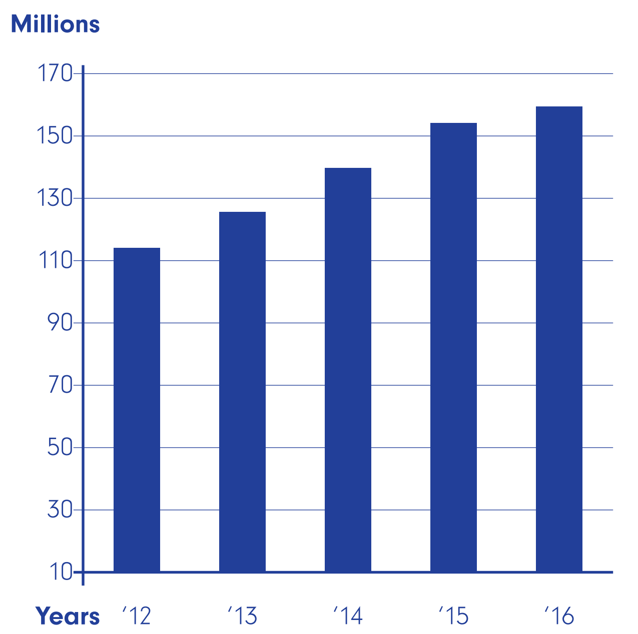
Annual Premiums were levied and collected from twenty-four (24) member institutions for the financial year ended September 30, 2016 amounting to $159.7 million; an increase of 4 per cent compared with $154.1 million collected in 2015. Chart III below illustrates the growth of annual premiums over the past five years.

Annual premiums increased between 2015 and 2016 mainly due to the growth in deposit liabilities of member institutions between the calendar years 2014 and 2015. (Annual Premiums are computed for a calendar year by applying a fixed rate to the quarterly average of the prior calendar year's aggregate deposit liabilities of each member institution). In relation to the membership of the Fund, the total number stood at twenty-four (24) member institutions as at September 30, 2016.

There were neither additions nor revocations to the Fund's membership over the reporting period however; two financial institutions executed name changes. These changes were the result of a group restructuring exercise and a rebranding initiative respectively. Consequently, effective December 16, 2015 approval was granted for the restructuring of the Republic Bank Group. This restructuring brought about the establishment of a financial holding company, Republic Financial Holding Limited (RFHL). The banking assets of Republic Bank Limited (RBL) were vested in Republic Finance and Merchant Bank Limited (FINCOR) and RBL's name changed to RFHL. In turn, FINCOR's name was changed to Republic Bank Limited (RBL2). The license to conduct the business of banking under Section 21 (1) of the FIA was issued to RBL2.

Thereafter, on April 26, 2016 Intercommercial Bank Limited (IBL) changed its name to JMMB Bank (T&T) Limited. The change in name was executed to facilitate a rebranding exercise undertaken by Jamaica Money Market Brokers Limited.

Chart 3: Premiums Received



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. At present all investments held by the Corporation are readily realisable and convertible into cash.

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

(iii) Reasonable Growth of the Fund

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

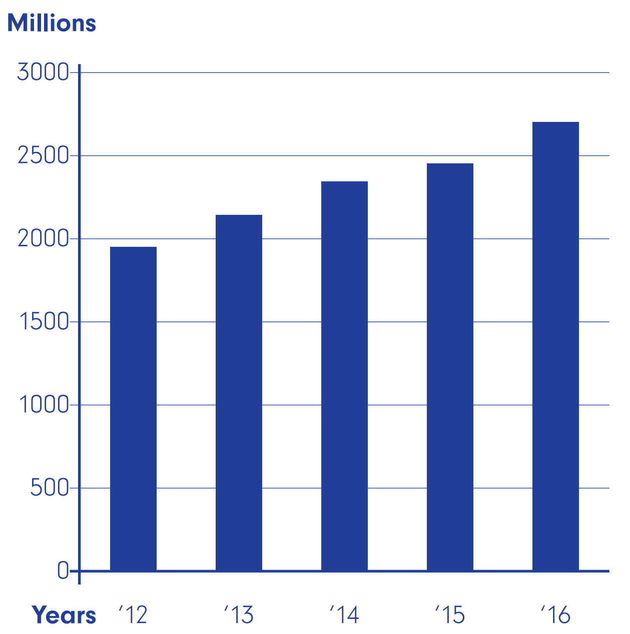
The *approved investment categories* are as follows:-

- Deposits in Member Institutions and fixed income mutual funds (0-50 per cent of the portfolio).
- Corporate Securities (0-20 per cent of the portfolio).
- Trinidad and Tobago Government Securities (20 -100 per cent of the portfolio).
- Foreign Investments (0-30 per cent of the portfolio).
- Equities (0-5 per cent of the portfolio).

(b) Status of the Investment Portfolio

The size of the investment portfolio as at September 30, 2016 was $2,697.2 million; an increase of $259 million or 11 per cent year-on-year. Chart IV below illustrates the growth of the investment portfolio over the past five years.

Chart 4: Investment Portfolio



The mix of the investment portfolio as at September 30, 2016 and 2015 respectively was as follows:

Investment Category	% of Portfolio Sept. 30, 2016	% of Portfolio Sept. 30, 2015
Deposits and MMFs	1	1
Corporate Securities	7	5
Government Securities	91	94
Equities	1	-

As indicated previously, the average yield on the portfolio increased slightly during the financial year; 3.21 per cent as at September 30, 2016 compared to 3.15 per cent one year prior. This slight increase in yields was experienced across all categories of investments and was a reflection of the market conditions which prevailed throughout the financial year 2016.

Deposits

Within the financial year, deposit balances increased by $12.05 million. The balance of deposits as at September 30, 2016 was $24.05 million compared to $12 million as at September 30, 2015. Holdings of fixed income mutual funds increased slightly to $4.234 million as at 30th September, 2016; up from $4.192 million one year prior. Deposits represented 1 per cent of the investment portfolio as at September 30, 2016.

Corporate Securities

As at September 30. 2016 corporate securities stood at $196.4 million compared to $133.3 million one year prior; representing an increase by $63.1 million. The average yield on Corporate Securities increased to 4.59 per cent as at September 30, 2016 up from 3.07 per cent one year prior. Corporate securities represented 7 per cent of the investment portfolio as at September 30, 2016.

Government Securities

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

Treasury Bills

Over the financial year 2016, investment activity in Treasury Bills increased significantly. As at September 30, 2016 Treasury Bills stood at $282.3 million compared to $66 million one year prior; representing an increase by $216.3 million. The average yield on Treasury Bills increased to 2.15 per cent as at September 30, 2016 up from 1.04 per cent one year prior. Treasury Bills represented 10 per cent of the investment portfolio as at September 30, 2016.

As at September 30, 2016 holdings of Treasury Notes stood at $851.5 million; down from $902.2 million as at September 30, 2015. The average yield on Treasury Notes dropped to 1.75 per cent as at September 30, 2016 from 1.84 per cent one year prior. Treasury Notes represented 32 per cent of the portfolio as at the end of financial year compared to 37 per cent one year prior.

Government Bonds

Holdings of Government Bonds decreased over the period to $1,309.2 million as at September 30, 2016 from $1,320.5 million one year prior; a decrease of $11.3 million. Consistent with the movement experienced in the other investment categories wherein yields moved upwards slightly, the average yield on Government Bonds also increased to 4.31 per cent; up from 4.17 per cent year-on-year. As at the end of the financial year 2016, Government Bonds represented 49 per cent of the portfolio compared to 54 per cent as at September 30, 2015.

Equities

Within the financial year 2016, the DIC made its first investment in Equities when it participated in the Trinidad and Tobago NGL Limited initial public offering (IPO) and secured the purchase of 465,000 shares. Additional purchases were made over the financial year and as at September 30, 2016 the total holding of TTNGL shares was 1.25 million shares at a fair market value of $29.53 million.

Liquidation

Since its establishment, the Corporation has paid insurance claims to the depositors of nine (9) institutions which were closed by the CBTT and classified as failed institutions. For each of these failures, the Corporation was appointed the liquidator by the High Court of Trinidad and Tobago. The most recent appointment has been the Corporation's appointment as

Liquidator of CIB. This came into effect on October 17, 2011 when the High Court ruled that CIB be wound up under the provisions of the Companies Act, Chapter 18:01 and the DIC be appointed Liquidator of the company.

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

Risk Assessment

During the 2016 financial year, the Risk Assessment Department completed certain tasks consistent with the DIC's Board Approved 2015/2016 Corporate Plan. The key initiatives were:

- Monitoring the deposit liabilities within the buckets of total, covered and insured deposits throughout the fiscal year;
- Assessing the fund members risks relative to the fund value;
- Reviewing the relationships between the number of accounts and the value of accounts covered;
- Assessing membership premium paid in accordance with the formula for computing same;
- Participated in elements of the liquidation of CIB-ICL - in Compulsory Liquidation; and
- Research in topical areas of deposit insurance such as alternative failure resolution methodologies.

International Outreach

The Deposit Insurance Corporation of Trinidad and Tobago's (DICTT) international outreach programme facilitated:

- Discussions on key topics such as technical assistance requested by other deposit insurance systems and the Financial Stability Institute (FSI) training
- The setting of targets for deposit insurance funds
- Approval of new members' applications to IADI
- Resolution Issues for Financial Co-operatives
- The implementation of the core principles (standards for deposit insurance systems)
- Acquiring technical support for Jamaica and the British Virgin Islands
- Engaged in consultations with CARICOM's Technical Working Group to assist in developing a standard deposit insurance systems' model for the Caribbean

Activities included attendance at four key IADI Events: The 14th Annual General Meeting and Conference (Kuala Lumpur, Malaysia); the 47th Executive Council Meeting and Standing Committee Meetings (Basel, Switzerland); the 1st Americas Deposit Insurance Forum (Buenos Aires, Argentina), and; the 49th Special Executive Council Meeting (Basel, Switzerland).

As a result of participating in these meetings, DICTT benefited by gaining an increased knowledge base with regards to the understanding and application of alternative failure resolution methodologies such as purchase and assumption, open bank assistance, bridge banking and bail-in. Also, participation at these international fora allows the DICTT the opportunity to maintain its recognition by the IADI community in relation to contributions made to research papers on topical issues affecting deposit insurance systems around the world.

Changes in the Board of Management

Effective February 4, 2016, Dr. Alvin Hilaire was appointed as a Director for a term of three (3) years. Thereafter, Dr. Hilaire was selected as Chairman of the Board of Management. There were no other changes in the Board of Management within the reporting period.

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

Claiming our New Space

Claiming Our New **Space**

On December 1, 2015 the DIC relocated its physical office space from the 11th Floor of the Central Bank of Trinidad and Tobago (CBTT) building to its new premises located at 19-20 Victoria Square West, Port of Spain. As we claimed our new physical space, the organisation continued its thrust to build a stronger platform from which to claim a new space operationally.

Internationally, particularly following on the 2007/2008 global financial crisis, deposit insurance systems have increasingly been expanding their mandates, becoming more independent and engaging in a broader array of alternative failure resolution initiatives to protect the taxpayer from financing bailouts associated with Systemically Important Financial Institutions.

These interventions are premised on compliance with the International Association of Deposit Insurers' (IADI) Core Principles for Effective Deposit Insurance Systems, which have received the backing of the International Monetary Fund (IMF), the World Bank and the Financial Stability Board (FSB). Noteworthy, the FSB has incorporated the IADI Core Principles into the global Compendium of Standards of Financial Stability.

As an example, many deposit insurance systems are now becoming active participants in Special Resolution Regimes (SRRs) as a means of complying with IADI Core Principle 6: The Deposit Insurer's Role in Contingency Planning and Crisis Management. This principle states, inter alia, that: 'The development of system-wide crisis prepared strategies and management policies should be the joint responsibility of all safety-net participants. The deposit insurer should be a member of any institutional framework for ongoing communication and coordination involving financial safety-net participants related to system-wide crisis preparedness and management."

Here in Trinidad and Tobago, a similar initiative was spearheaded by the CBTT in fiscal 2015, following consultations with the IMF. This effort took the form of an initiative to establish a National Financial Crisis Management Plan linked to the Caribbean Group of Banking Supervisors' request to develop a Regional Financial Crisis Management Plan. The DIC was party to the Task Force engaging in this effort, along with the CBTT, the Trinidad and Tobago Securities and Exchange Commission and the Ministry of Finance.

On a related front, in the broader international arena, a minimum of 25 deposit insurance systems embarked on assessments to determine compliance with the IADI Core Principles for Effective Deposit Insurance Systems, with the objective of improving their overall operational effectiveness. Assessments were undertaken in two jurisdictions in North America; nine in Europe; seven in Asia-Pacific; two in Africa; three in Latin America; and one in the Caribbean — the DIC.

This proved to be a valuable exercise but more importantly it created the platform for the DIC to enter and claim its 'new space'. While the assessment, which was conducted in fiscal 2013, identified some areas for improvement, it also identified the Corporation's key areas of compliance, as follows:

- Membership: Principle 7 of the IADI Core Principles for Effective Deposit Insurance Systems indicates that "Membership in a deposit insurance system should be compulsory for all banks. The assessment indicated that the DIC met this criterion as membership in the Fund is compulsory for all institutions that are licensed under the Financial Institutions Act, 2008.

- Coverage: Principle 8 of the IADI Core Principles for Effective Deposit Insurance Systems indicates that "Policymakers should define clearly the level and scope of deposit coverage. Coverage should be limited, credible and cover the large majority of depositors but leave a substantial amount of deposits exposed to market discipline. Deposit insurance coverage should be consistent with the deposit insurance system's public policy objectives and related design featurers." The assessment indicates that the DIC met this criterion as the coverage level and scope are clearly stated, limited, and credible.

- Dealing with Parties at Fault in a Bank Failure: Principle 12 of the IADI Core Principles for Effective Deposit Insurance Systems indicates that: "The deposit insurer, or other relevant authority, should be provided with the power to seek legal redress against those parties at fault in a bank failure." The assessment indicated that the DIC met this criterion as the DIC in its role as Liquidator has the authority and legal power to take actions against parties at fault.

- Recoveries: Principle 16 of the IADI Core Principles for Effective Deposit Insurance Systems indicates that: "The deposit insurer should have, by law, the right to recover its claims in accordance with the statutory creditor hierarchy." The assessment indicated that the DIC met this criterion as the DIC's legislation states that, "The Corporation shall in respect of rights to which it is subrogated have priority over the unsecured creditors of a closed institution."

Throughout 2016, the Corporation continued to review and identify areas for further improvement and compliance with the full range of IADI Core Principles for Effective Deposit Insurance Systems, with a view to claiming a new space, this time in the operational realm, and we work towards becoming a model deposit insurance system regionally and globally.

Financial Statements 2016

Contents

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

Statement of **Management Responsibilities**

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

Naveen Lalla
Director
Board of Management

Date: March 23, 2017

Jacqueline Fermin
Head, Corporate Services & Finance

Date: March 23, 2017

Independent Auditors' Report to the Members of **Deposit Insurance Corporation**

We have audited the accompanying financial statements of Deposit Insurance Corporation (the Corporation), which comprise the statement of financial position as at September 30, 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Corporation as at September 30, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants

March 23, 2017
Port of Spain
Trinidad and Tobago

Statement of **Financial Position**

September 30, 2016

	Notes	2016	2015
		$'000	**$'000**
ASSETS			
Property and equipment	7	20,699	18,205
Intangible assets – Computer software	8	126	460
Security deposit – Central Bank		-	53
Investments	9	2,692,958	2,427,053
Liquidation advances recoverable		743	872
Accounts receivable	10	35,126	81,004
Cash and cash equivalents	11	66,649	63,868
Total assets		**2,816,301**	**2,591,515**
EQUITY AND LIABILITIES			
Equity			
Stated capital		1,000	1,000
Revaluation reserves		3,642	–
Deposit Insurance Fund		2,810,514	2,587,840
		2,815,156	2,588,840
Liabilities			
Balance due to Central Bank	12	10	274
Accounts payable		1,135	2,401
Total Liabilities		1,145	2,675
Total equity and liabilities		**2,816,301**	**2,591,515**

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

These financial statements have been approved for issue by the Board of Management on March 23, 2017 and signed on its behalf by:

Chairman ____________________ Director ____________________

Statement of **Profit or Loss and Other Comprehensive Income**

Year ended September 30, 2016

	Notes	2016	2015
		$'000	**$'000**
INCOME			
Interest income		73,335	73,052
Initial contributions and annual premia		159,707	154,133
Dividends		2,107	–
Liquidation/receivership fees		132	160
Other		39	13
		235,320	227,358
EXPENSES			
Personnel	13	7,205	8,058
General and administrative	15	4,347	4,197
Depreciation		1,094	836
		12,646	13,091
Net income for the year		222,674	214,267
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Available-for-sale financial assets – change in fair value		3,642	–
Total comprehensive income		**226,316**	**214,267**

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

Statement of **Changes in Equity**

Year ended September 30, 2016

	Stated Capital $'000	Deposit Insurance Fund $'000	Revaluation Reserves $'000	Total Equity $'000
Year ended September 30, 2015				
Balance at October 1, 2014	1,000	2,373,573	–	2,374,573
Net income for the year	–	214,267	–	214,267
Balance as at September 30, 2015	**1,000**	**2,587,840**	**–**	**2,588,840**
Year ended September 30, 2016				
Balance at October 1, 2015	1,000	2,587,840	–	2,588,840
Net income for the year	–	222,674	–	222,674
Other comprehensive income	–	–	3,642	3,642
Balance as at September 30, 2016	**1,000**	**2,810,514**	**3,642**	**2,814,156**

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

Statement of **Cash Flows**

Year ended September 30, 2016

	2016	2015
	$'000	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	222,674	214,267
Adjustments for:		
Depreciation and amortisation	1,094	836
Loss on disposal of property and equipment	38	–
Interest income	(73,335)	(73,052)
Operating surplus before working capital changes:	150,471	68,999
Change in security deposit	53	–
Change in liquidation advances recoverable	129	(59)
Change in accounts receivable	79,884	59,003
Change in balance due to Central Bank	(264)	(17)
Change in accounts payable	(1,266)	1,173
Net cash from operating activities	229,007	129,099
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	47,242	50,945
Purchase of deposits	(35,053)	(2,000)
Proceeds from redemption of deposits	16,000	–
Purchase of Government Treasury Bills	(460,314)	(71,028)
Proceeds from redemption of Government Treasury Bills – local	244,027	4,998
Purchase of Government Treasury Notes	(37,353)	(330,776)
Proceeds from redemption of Government Treasury Notes	85,000	–
Purchase of Corporate Bonds	(194,712)	(83,861)
Proceeds from redemption of Corporate Bonds	131,676	22,963
Purchase of Government Bonds – local	(143,458)	(48,667)
Proceeds from redemption of Government Bonds	149,896	269,144
Purchase of equity	(25,889)	–
Additions to property and equipment and intangible assets	(3,456)	(17,813)
Proceeds from disposal of property and equipment	164	–
Net cash used in investing activities	(229,226)	(206,095)
Net change in cash and cash equivalents	2,781	(76,996)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	63,868	140,864
CASH AND CASH EQUIVALENTS AT END OF YEAR	**66,649**	**63,868**

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

Notes to the **Financial Statements**

1. General Information

The Deposit Insurance Corporation (the Corporation) was established by the Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986 (Act No. 2 of 1986), which amended the Central Bank Act Chapter 79:02 (the Act). (All references made to legislation in the ensuing paragraphs unless specifically stated otherwise, relate to the Central Bank Act Chapter 79:02). The Corporation is a statutory body, the authorised capital of which is fixed by the Act in the amount of $1,000,000.00. However, an increase may be approved by the Minister to whom the responsibility for finance is assigned.

The Corporation's principal objective is to manage a Deposit Insurance Fund established by the Act to provide insurance coverage on deposits held with member institutions to a maximum of $125,000.00 per depositor in each capacity and right in each institution. Membership of the Fund is compulsory for all institutions licensed under the Financial Institutions Act, 2008.

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

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of accounting

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

(b) Basis of preparation and functional currency

These financial statements are prepared under the historical cost convention, except for available-for-sale financial assets measured at fair value. The Corporation's functional currency is the Trinidad and Tobago dollar and these financial statements are presented in thousands of Trinidad and Tobago dollars, unless otherwise stated.

(c) Use of estimates

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

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

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

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

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

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

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
  - specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
  - the order of notes to the financial statements is not prescribed;
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
  - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
  - the presentation in the statement of profit or loss and OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

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

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

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

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

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

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

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

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

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

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

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

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

  IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

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

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

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

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

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

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

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

(e) Financial instruments

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

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

(i) Recognition and initial measurement

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

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

(ii) Classification

Financial assets

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

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

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

(e) Financial instruments (continued)

(ii) Classification (continued)

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Held-to-maturity financial assets

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

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

d) Available-for-sale financial assets

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

Financial liabilities

A financial instrument is classified as a financial liability if it is a contractual obligation to deliver cash or another asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the reporting entity's own equity instruments under certain circumstances.

The Corporation classifies its financial liabilities as measured at amortised cost. Financial liabilities include accounts payable and balance due to Central Bank.

(iii) Measurement

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

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

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

(e) Financial instruments (continued)

(iv) De-recognition

Financial assets

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

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

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

(ii) any cumulative gain or loss that had been recognised in OCI.

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

Financial liabilities

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

(v) Offsetting

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

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

(vi) Amortised cost measurement

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

(vii) Determination of fair value

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

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

(e) Financial instruments (continued)

(vii) Determination of fair value (continued)

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

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

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

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

(viii) Impairment of financial assets

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

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

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

i) Significant financial difficulty of the issuer or obligor.

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

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

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

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

(e) Financial instruments (continued)

(viii) Impairment of financial assets (continued)

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

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

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

i) *Financial assets measured at amortised cost*

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

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

ii) *Financial assets measured at cost*

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

(f) 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.

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

(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) Pensions

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

(i) Revenue recognition

(i) *Premium income*

Premium income is recognised on the accruals basis.

(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.

(j) Foreign currency translation

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

(k) Property and equipment

(i) *Depreciation*

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

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

(k) Property and equipment (continued)

(i) *Depreciation* (continued)

The rates used are as follows:

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

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

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

(ii) *Subsequent expenditure*

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

(iii) *Disposal*

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

(l) 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.

(m) Comparative figures

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

(n) Levy of initial contributions and annual premia

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

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

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

(n) Levy of initial contributions and annual premia (continued)

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.

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

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

3. Financial Risk Management

Financial risk factors

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

(a) Interest rate risk

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

The Corporation is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds and other funding instruments.

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 net income.

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.

3. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Interest rate risk (continued)

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.

	2016					
	Effective Rate	**Up to One Year**	**Two to Five Years**	**Over Five Years**	**Non-Interest Bearing**	**Total**
	%	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Cash and cash equivalents	0 – 2.00	4,267	–	–	62,382	66,649
Investments	0.83 - 12.25	696,483	1,350,788	616,156	29,531	2,692,958
Other financial assets		–	–	–	35,869	35,869
		700,750	1,350,788	616,156	127,782	2,795,476
Financial liabilities						
Other financial liabilities		–	–	–	1,145	1,145
Net Gap		**700,750**	**1,350,788**	**616,156**	**126,637**	**2,794,331**
Cumulative Gap		**700,750**	**2,051,538**	**2,667,694**	**2,794,331**	**–**

	2015					
	Effective Rate	**Up to One Year**	**Two to Five Years**	**Over Five Years**	**Non-Interest Bearing**	**Total**
	%	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Cash and cash equivalents	0 - 1.95	11,730	-	-	52,138	63,868
Investments	0.67 - 12.25	356,083	1,597,769	473,201	-	2,427,053
Other financial assets		-	-	-	81,929	81,929
		367,813	1,597,769	473,201	134,067	2,572,850
Financial liabilities						
Other financial liabilities		-	-	-	2,675	2,675
Net Gap		**367,813**	**1,597,769**	**473,201**	**131,392**	**2,570,175**
Cumulative Gap		**367,813**	**1,965,582**	**2,438,783**	**2,570,175**	**-**

3. Financial Risk Management (continued)

Financial risk factors (continued)

(a) Interest rate risk (continued)

ii) Interest rate sensitivity gap (continued)

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

(b) Credit risk

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

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

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

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

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 is due within the next six months and is not considered material for disclosure purposes.

(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:

	2016	2015
	$'000	$'000
Cash and cash equivalents	30	535

3. Financial Risk Management (continued)

Financial risk factors (continued)

(d) Currency risk (continued)

Sensitivity analysis

A 5% strengthening of the US dollar against the TT dollar at September 30, 2016 would not have a material effect on net income in the Corporation's financial statements. This analysis assumes that all other variables, in particular interest rates, remain constant.

(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 risk.

(f) Operational risk

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

(g) Compliance risk

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

(h) Reputation risk

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

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

The Corporation's capital comprises share capital and the Deposit Insurance Fund (DIF). The Corporation is not subject to externally imposed capital requirements, and there were no changes in what the 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 $125,000.00 per depositor, in each right and capacity, in each institution.

As at September 30, 2016, there were 24 member institutions with total insured deposits estimated at $80.2 billion (2015: $78.8 billion), of which the Corporation covered 0.2% (2015: 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.

3. Financial Risk Management (continued)

Financial risk factors (continued)

(i) Capital Management – Adequacy of the Deposit Insurance Fund (continued)

If a Policyholder's future viability or solvency is deemed to be at risk or the Policyholder becomes insolvent and the DIF is required to intervene by providing financial assistance or pay out depositors in accordance with its resolution powers under the Act, and 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.

4. Fair Value of Financial Instruments

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

(a) Valuation models

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

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

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

	Level 1	Level 2	Level 3
	$'000	**$'000**	**$'000**
As at September 30, 2016			
Investments – equities	29,531	-	-
Accounts receivable	-	-	35,126
Short-term and Money Market deposits	-	-	4,234
As at September 30, 2015			
Accounts receivable	-	-	81,004
Short-term and Money Market deposits	-	-	11,192

4. Fair Value of Financial Instruments (continued)

(c) Financial instruments not measured at fair value

	Level 1	Level 2	Level 3	Fair Value	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
As at September 30, 2016					
Held-to-maturity investments	-	2,405,795	-	2,405,795	2,663,427
As at September 30, 2015					
Held-to-maturity investments	-	2,264,735	-	2,264,735	2,427,053

As at the reporting date, the fair value of the held-to-maturity investments are below the carrying amount. However management has deemed that no further impairment is required as the issuers of these investments are meeting their obligations and continue to have a good credit rating with the market.

5. Critical Accounting Estimates and Judgments

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Corporation makes estimates and assumptions concerning the future.

However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Changes in accounting estimates are recognised in net 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 and in determining whether future economic benefits can be derived from expenditures to be capitalised.

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

5. Critical Accounting Estimates and Judgments (continued)

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

i) Impairment of assets

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

ii) Property and equipment

Management makes certain assumptions regarding the useful lives and residual values of capitalised 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 judgments affecting the specific investment.

6. Assets under Administration

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

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

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

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

The statement of financial position does not include the assets of these closed financial institutions under the administration of the Corporation. However, the table presented hereunder provides in summary, the balances as at September 30, 2016. In relation to the table, the following points should be noted:

- Column (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.
- Column (B) – The liabilities at closure represent the total amount owing by the failed institutions, inclusive of deposit liabilities, as at the date of closure.
- Column (C) – Liabilities incurred represent liquidation expenses from the date of closure up to the end of the reporting period.

6. Assets under Administration (continued)

- Column (D) – Total realisations represent the amount received to date from the sale of liquidated assets.
- Column (E) – Total payments represent liquidation expenses paid and insurance payments recovered as at the reporting date.
- Column (B+C-E) – Remaining liabilities represent the balance due to unsecured creditors as at the reporting date.
- The legislation authorises the DIC to recover insurance paid from the sales proceeds of liquidated assets in priority to unsecured creditors.

(A) **Total Value of Assets at Closure**	(B) **Total Liabilities at Closure**	(C) **Total Liabilities incurred 2016**	(D) **Total Realisations 2016**	(E) **Total Payments 2016**	(B+C-E) **Remaining Liabilities 2016**
$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
6,148,206	12,072,221	477,986	2,093,801	1,853,166	10,697,041

7. Property and Equipment

	Land and Buildings	Leasehold Improvements	Motor Vehicle	Furniture and Fixtures	Office Equipment	Computer Equipment	W.I.P	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost								
Balance as at October 1, 2015	15,859	391	639	622	419	542	1,954	20,426
Additions	–	–	–	–	–	–	3,456	3,456
Transfers	2,809	–	–	634	1,187	233	(5,020)	(157)
Disposals	–	(391)	(410)	(93)	–	–	–	(894)
Balance as at September 30, 2016	**18,668**	**–**	**229**	**1,163**	**1,606**	**775**	**390**	**22,831**
Accumulated depreciation								
Balance as at October 1, 2015	173	384	418	460	278	508	-	2,221
Charge for the year	231	-	12	78	199	83	-	603
Disposals	-	(384)	(234)	(74)	-	-	-	(692)
Balance as at September 30, 2016	**404**	**-**	**196**	**464**	**477**	**591**	**-**	**2,132**
Net book value								
Balance as at September 30, 2016	**18,264**	**-**	**33**	**699**	**1,129**	**184**	**390**	**20,699**
Balance as at September 30, 2015	**15,686**	**7**	**221**	**162**	**141**	**34**	**1,954**	**18,205**
Cost								
Balance as at October 1, 2014	–	391	639	622	419	542	–	2,613
Additions	15,859	–	–	–	–	–	1,954	17,813
Balance as at September 30, 2015	15,859	391	639	622	419	542	1,954	20,426
Accumulated depreciation								
Balance as at October 1, 2014	–	380	344	442	254	448	–	1,868
Charge for the year	173	4	74	18	24	60	–	353
Balance as at September 30, 2015	173	384	418	460	278	508	–	2,221
Net book value								
Balance as at September 30, 2015	15,686	7	221	162	141	34	1,954	18,205
Balance as at September 30, 2014	–	11	295	180	165	94	–	745

	2016	2015
	$'000	$'000

8. Intangible Assets – Computer Software

	2016 $'000	2015 $'000
Cost		
Balance at start of year	5,480	5,480
Transfer from work-in progress	157	-
Balance at end of year	5,637	5,480
Accumulated amortisation		
Balance at start of year	5,020	4,537
Charge for the year	491	483
Balance at end of year	5,511	5,020
Total balance at end of year	**126**	**460**

9. Investments

(i) Held-to-Maturity

	2016 $'000	2015 $'000
(a) Current		
Deposits	7,053	3,000
Corporate Bonds	–	86,676
Government Treasury Bills	77,994	–
Government Treasury Notes	52,200	–
Government Bonds	33,963	52,463
	171,210	142,139
(a) Non-Current		
Deposits	17,000	2,000
Treasury Bills	204,324	66,030
Corporate Bonds	196,380	46,652
Government Treasury Notes	799,286	902,209
Government Bonds	1,275,227	1,268,023
	2,492,217	2,284,914
	2,663,427	2,427,053

(ii) Available-for-sale

	2016 $'000	2015 $'000
Equities	29,531	–
	2,692,958	2,427,053

The effective rate of interest is 0.83% to 12.25% (2015: 0.67% to 12.25%).

	2016 $'000	2015 $'000
10. Accounts Receivable		
Interest receivable	34,006	30,339
Other receivable	1,120	50,665
	35,126	**81,004**

	2016 $'000	2015 $'000
11. Cash and Cash Equivalents		
Cash and bank balances with Central Bank	62,415	52,676
Cash and bank balances with financial institutions	4,234	11,192
	66,649	**63,868**

12. Related Party Transactions

A party is related to the Corporation if:

a) The party is an associate of the Corporation;

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

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

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

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

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

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 of the Corporation.

(c) Current liabilities

	2016	2015
Personnel and administration expenses reimbursable to the Central Bank	10	274

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

During the financial year the Central Bank provided, under contract, office accommodation and other administrative services to the Corporation. The costs incurred for the year ended September 30, 2016 under these arrangements were $190 thousand (2015: $1,295 thousand). Limited commercial banking type facilities are also provided by the Central Bank. These operational arrangements are priced on an arm's length basis.

	2016	2015
	$'000	**$'000**

12. Related Party Transactions (continued)

(e) Key management personnel compensation

	2016 $'000	2015 $'000
Short-term employee benefits	1,788	2,911
Post-employment benefits	81	136
	1,869	**3,047**

13. Personnel Expenses

	2016 $'000	2015 $'000
Allowances	1,091	1,331
Salaries and overtime	4,569	5,157
Gratuity	207	346
Staff benefits	466	433
Directors' fees	307	238
Pension contributions (Note 16)	251	294
National Insurance contributions	226	182
Medical and Workmen Compensation Insurance	88	77
	7,205	**8,058**

14. 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

	FVOCI Equity	**Amortised Cost**	**Total**
	$'000	**$'000**	**$'000**
2016			
Assets			
Cash and cash equivalents	-	66,649	66,649
Investments	29,531	2,663,427	2,692,958
Accounts receivable	-	35,126	35,126
Total financial assets	29,531	2,765,202	2,794,733
Liabilities			
Balance due to Central Bank	-	10	10
Accounts payable	-	1,135	1,135
Total financial liabilities	-	1,145	1,145

14. Classification of Financial Assets and Financial Liabilities (continued)

	FVOCI Equity	Amortised Cost	Total
	$'000	$'000	$'000
2015			
Assets			
Cash and cash equivalents	–	63,868	63,868
Investments	–	2,427,053	2,427,053
Accounts receivable	–	81,004	81,004
Total financial assets	–	2,571,925	2,571,925
Liabilities			
Balance due to Central Bank	–	274	274
Accounts payable	–	2,401	2,401
Total financial liabilities	–	2,675	2,675

15. General and Administrative Expenses

	2016	2015
	$'000	$'000
Office rental and related expenses	154	1,201
Janitorial services	284	–
Security services	689	–
Utilities	149	–
Repairs and maintenance	463	122
Equipment rental	52	54
Property services	30	10
Motor vehicle	84	127
Information technology	361	163
Printing and stationery	94	65
Public relations and advertising	84	75
Telecommunications	161	210
Professional fees	1,165	187
Library services	15	8
Archiving	22	23
Meetings	19	25
Training and education	52	21
Loss on disposal of property and equipment	38	–
International Association of Deposit Insurers membership fees	90	85
Management contract (Administrative services provided by Central Bank)	8	50
Conferences and official visits	314	1,752
Miscellaneous	19	19
	4,347	**4,197**

16. Retirement Benefits

The Corporation does not operate a pension plan but a non-compulsory arrangement exists whereby the Corporation contributes 150% of an employee's contribution to an approved individual annuity or the Individual Retirement Unit Account of the Trinidad and Tobago Unit Trust Corporation up to a maximum of 10% of an employee's base salary. Costs incurred for 2016 were $251 thousand (2015: $294 thousand).

17. Employees

At September 30, 2016 the Corporation had in its employ a staff complement of 20 persons (2015: 18).

18. Capital Commitments

The Corporation had $1 million in capital commitments as at September 30, 2016 (2015: $1 million).

19. Subsequent Events

There were no events occurring after the reporting date and before the date of approval of the financial statements by the Board of Management that require adjustment to or disclosure in these financial statements.