Annual Report 2011

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 $75,000. Only deposits held in Trinidad and Tobago and payable in Trinidad and Tobago dollars are insured.

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

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

Our Vision

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

Our Mission

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

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CHAIRMAN'S REMARKS

MR. EWART S. WILLIAMS

25 years of building depositor confidence

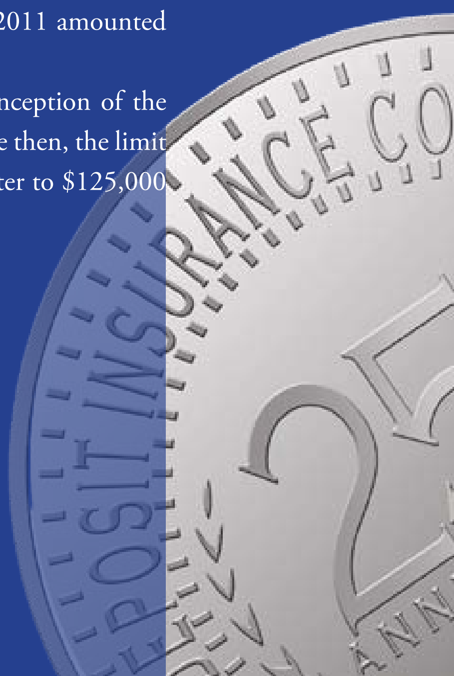
The Deposit Insurance Corporation (DIC) celebrated its twenty-fifth anniversary on 17th September 2011.

At its establishment the DIC was the first deposit insurance system in the CARICOM, the second among ACS countries and the 36th in the world. The DIC's initial challenge was to manage the closure of eight problem institutions whose failure threatened to have contagion effects on the entire financial system. The fact that a crisis was averted was due in large measure to the confidence inspired by the DIC's ability to successfully discharge its mandate of settling depositors' claims and subsequently liquidating the failed institutions.

Since its establishment, the Corporation has made insurance payments amounting to $223.1 million, to approximately 14,758 depositors of nine failed member institutions.

The settlement of insurance claims from the eight failed institutions put the Corporation in a deficit of $91 million which was financed by a loan from the Central Bank. The DIC serviced this loan until it was finally repaid in 2002. The Fund surpassed the $1,000 million dollar mark in 2007 and as at September 30, 2011 amounted to $1,782.3 million.

The deposit insurance coverage limit at the inception of the insurance system was set at $50,000 per depositor. Since then, the limit was increased in October 2007 to $75,000 and thereafter to $125,000 in January 2012.



A major achievement of the DIC over the years has been the increased use of technology to deliver on its mandate. Accordingly, two software systems namely, an Insurance Payout System and a Loans Management System were developed in-house with the services of a specialist Information Technology firm. The process of insurance payouts is now automated which has enhanced both the capacity and capability of the DIC to settle claims in a more timely manner. The DIC also developed a website with a deposit insurance calculator which allows users the opportunity to become familiar with the financial products and the coverage they can enjoy.

The Corporation in recent years expanded its outreach programmes and actively participated in the National Financial Literacy Programme, as part of a collaborative effort with the Central Bank to increase depositor awareness and financial literacy throughout the country. In addition, the DIC made presentations to key frontline staff members at the commercial banks and licensed non-bank financial institutions to enhance their understanding of the DIC and the insurance coverage for depositors.

In May 2002, the DIC along with seventeen other deposit insurance systems met in Basel, Switzerland, and signed the Statutes to establish the International Association of Deposit Insurers, (IADI). The major objective of this organisation is to encourage the sharing of knowledge/information to strengthen deposit insurance systems around the world. The IADI is committed to fostering the notion that deposit insurance systems, properly configured can make a major contribution to financial stability, particularly in developing countries.

Today, there are a number of developments in the global and local financial systems. The lessons learned from the recent global financial crisis have necessarily included changes to be made in the global financial architecture and placing more responsibility on deposit insurance systems, to play a role in contributing to and maintaining financial stability. The Central Bank is in the process of amending the legislation that governs insurance companies and developing new legislation to assume regulatory oversight of credit unions and the mandatory membership of credit unions in a Deposit Insurance Fund. In light of these developments and the DIC's experience in the recent closure of Clico Investment Bank Limited (CIB), the DIC plans to embark on a comprehensive review of its current legislation in terms of its role, current trends and preparedness.

The DIC will continue to respond to all developments in the financial sector that has a bearing on deposit insurance.

Board Members

Mr. Ewart S. Williams – *Chairman*

Mr. Ewart S. Williams was appointed Governor of the Central Bank of Trinidad and Tobago in July 2002 following a thirty-year career with the International Monetary Fund (IMF). In his various positions at the IMF he has provided economic policy advice and hands-on policy support to many Governments and Central Banks in Africa, Latin America and the Caribbean.

During his International Monetary Fund career he was the IMF's Resident Representative to Jamaica; Assistant Director in charge of Central America and Mexico; and Deputy Director in the Western Hemisphere Department. In 1988-89, he returned to this country for eighteen months, as the Advisor to Central Bank Governor, Mr. Williams Demas, under a UNDP sponsored technical assistance project.

He holds a Bachelor of Science Degree in Economics and a Masters in Economics from the University of the West Indies, and has a wealth of experience in monetary and fiscal affairs.

Mr. Michael Alexander – *Director*

(Directorship ended April 18, 2011)

Mr. Michael Alexander was appointed as a Director on the Board of the Deposit Insurance Corporation in February 2009.

He began his career with Barclays Bank – New York in 1976 and on his return home worked at the National Commercial Bank for three years.

Mr. Alexander had been with the Trinidad and Tobago Unit Trust Corporation since its inception in 1982 and retired as the Executive Director in 2006. During this period he served as the Executive Manager, Investments and Trust Accounting and was the President of the Chaconia Fund Services. He also served on the Board of Trinidad Cement Limited.

Educated at Queen's Royal College, he earned his Masters in Business Administration in Finance & Investments from Baruch College of the City University of New York and has been in the financial industry for the last 31 years.

Presently, Mr. Alexander volunteers his time teaching and is a member of the Queen's Royal College Old Boys Association and the Harvard Club.

Board Members

Ms. Nicole Crooks – *Director*
(Directorship ended April 18, 2011)

Ms. Nicole Crooks currently holds the position of Senior Manager Human Resource & Communications at the Central Bank of Trinidad and Tobago. She is an experienced Human Resource practitioner with over sixteen years in the field. She is responsible for providing the senior leadership in the development and execution of creative human resource strategies. This involves planning, organizing and directing the full range of human resource functions including recruitment, staffing and retention; compensation and benefits administration; performance and career management; competency development, training and succession planning; employee and industrial relations and change management.

Ms. Crooks has led the human resource function in diverse organizations having worked in unionized and non-unionized environments; medium and large sized companies in the financial services, manufacturing and energy sectors.

Ms. Crooks has also provided leadership in the corporate communications function with responsibility for developing and executing a strategy of open and direct communications with employees and key external stakeholders.

Ms. Crooks has several years experience as a senior management team member and a key contributor to policy formulation, strategic planning and budget development.

Ms. Crooks is a graduate of the University of the West Indies with a BSc. Management Studies (Upper Second Class Honours). She is also the holder of the Post Graduate Advanced Diploma in Human Resource Management from the UWI Institute of Business graduating with Distinction and as the Top Student. She possesses several insurance related qualifications from the Life Office Management Association including the FLMI (Fellow Life Management Institute) Distinction; ACS (Associate Customer Service) Honours and AIAA (Associate Insurance Agency Administration) Honours & Top Student in the world.

Ms. Crooks is passionate about the creation, maintenance and development of an employer of choice work environment characterized by a skilled, diverse and committed workforce with high employee retention and leadership potential. She adopts a hands-on approach and enjoys the day to day challenges of managing people.

Board Members

Mr. Michael S. Mendez – *Director*

Mr. Mendez aspires to bring his unique blend of training and experience to a team working collectively to impact positively on the socio-economic development in Trinidad and Tobago. He possesses extensive experience in social-economic policy analysis and formulation. Mr. Mendez was appointed Acting Deputy Permanent Secretary in the Ministry of Finance in 2007 following a thirty (30) year career with the Ministry and subsequently promoted to Deputy Permanent Secretary on September 6, 2010.

Mr. Mendez joined the Ministry of Finance in 1978 as a Senior Research Officer. During his career at the Ministry, he was the Advisor to the Executive Director of the World Bank Group in Washington 2005 - 2006. Mr. Mendez holds an Executive Masters in Business Administration from the Institute of Business, University of the West Indies and a Bachelor of Science, Economics from McMaster University, Hamilton, Ontario, Canada.

Ms. Wendy Ho Sing – *Director*

Ms. Wendy Ho Sing, Deputy Inspector of Financial Institutions, joined the Central Bank of Trinidad and Tobago in November 2004 as Industry Advisor and was appointed Deputy Inspector on February 1, 2005. During the period June 2006 to December 2006, Ms. Ho Sing held the positions of Acting Inspector and Inspector of Financial Institutions.

Ms. Ho Sing is the holder of a Bachelor of Arts Degree in Psychology and a Masters in Business Administration from York University, Ontario.

Ms. Ho Sing is a Trinidad and Tobago citizen who has spent over 25 years in Canada. Her previous appointments were Director, Supervision, in the Office of the Superintendent for Financial Institutions (OSFI), Canada and Assistant Vice President, Manulife Financial of Ontario.

Board Members

Ms. Saleema Nazia Hosein – *Director*
(Effective April 19, 2011)

Ms. Saleema Nazia Hosein, though coming from a business background at Holy Faith Convent, Couva, went on to obtain a Bachelors of Law (LL.B) graduating with Honours from the University of the West Indies in 2006.

As part of her training at the Hugh Wooding Law School, she worked at the Office of the Director of Public Prosecution (South) under the esteemed Mr. Roger Gaspard, DPP of Trinidad and Tobago. She also worked as a trainee at the Trinidad and Tobago Securities and Exchange Commission and was thereafter enrolled on the list of Attorneys at Law in 2008.

Ms. Hosein has been in private practice since becoming an Attorney at Law and has been managing her own practice for over a year. Her main areas of practice are Civil, Conveyancing, Family and Criminal Law.

Mr. Vikram Joadsingh – *Director*
(Effective November 3, 2011)

Mr. Vickram Joadsingh is a Fellow member of the Association of Chartered Certified Accountants (FCCA), a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), a member of the Institute of Internal Auditors, a member of the Association of Certified Fraud Examiners and also a member of the Institute of Chartered Accountants of Trinidad and Tobago.

Mr. Joadsingh has over a decade of internal audit service experience at a Big 4 Audit firm, was a former Chief Financial Officer of a local bank, was a former Chief Audit Executive at a special purpose state entity and at present is the Head Internal Auditor at a leading $20 Billion dollar financial institution.

At the DIC, Mr. Joadsingh was appointed to the Board of Management in November 2011 and at present he is also a member of its Audit Committee.

Corporate Profile

OFFICE:

Level 11 Central Bank Building
Eric Williams Plaza
Independence Square
Port of Spain
Tel: 868.625.5020/1
Hotline: 800.4DIC
Fax: 868.623.5311
E-Mail: info@dictt.org
Website: www.dictt.org

BANKER:

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

AUDITOR:

KF Pannell Kerr Forster
Chartered Accountants &
Business Advisors
245 Belmont Circular Road
Belmont
Port of Spain

Member Institutions

AIC Finance Limited
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
General Finance Corporation Limited
Guardian Asset Management Limited
Intercommercial Bank Limited
Intercommercial Trust and Merchant Bank Limited
Island Finance Trinidad and Tobago Limited
RBC Royal Bank (Trinidad and Tobago) Limited
RBC Investment Management (Caribbean) Limited
RBC Merchant Bank (Caribbean) Limited
RBC Trust (Trinidad and Tobago) Limited
Republic Bank Limited
Republic Finance and Merchant Bank Limited
Scotiabank Trinidad and Tobago Limited
Scotiatrust and Merchant Bank Trinidad and Tobago Limited

The DIC Team








From top, clockwise:

Dr. Earl Boodoo, *General Manager*
Ms. Jacqueline Fermin, *Head, Corporate Services and Finance*
Ms. Chantal Garcia-Singh, *Finance, Research and Market Analyst*
Ms. Gemma Henry, *Executive Secretary*
Mr. Maurice Duprey, *Courier/Office Assistant*
Ms. Onifa Olusegun-Murray, *Hospitality Attendant*
Ms. Allison Field, *Assistant Accountant*
Ms. Jacqueline Davis-Mc Kree, *Accounting Assistant*

The DIC Team

From top, clockwise:

Ms. Yolande de Silva, *Administrative Assistant*
Mr. Eon Crichlow, *Technical Analyst*
Mr. Nicholas Ramsey, *Business Analyst*
Mr. Noel Nunes, *Senior Insurance and Planning Officer*
Ms. Nisha Mohit, *Research/Database Assistant*
Ms. Dixie-Ann Thom, *Communications Technician*
Ms. Crystal-Ann Graham, *Liquidations Assistant*
Ms. Ingrid White-Wilson, *Legal Counsel, Corporate Secretary*

Management Discussion and Analysis 2011

Management Discussion and Analysis 2011

Financial Highlights

Balance Sheet as at

	SEPT 30, 2011 $M	SEPT 30, 2010 $M	SEPT 30, 2009 $M	SEPT 30, 2008 $M	SEPT 30, 2007 $M
TOTAL ASSETS AT THE END OF THE YEAR	1,784.1 (12%)	1,595.2 (13%)	1,414.2 (14%)	1,244.4 (14%)	1,090.5 (14%)
FUND BALANCE AT THE END OF THE YEAR	1,782.3 (12%)	1,593.3 (13%)	1,412.3 (14%)	1,242.2 (14%)	1,088.4 (14%)
INVESTMENT PORTFOLIO	1,750.3 (12%)	1,566.3 (13%)	1,380.0 (14%)	1,207.7 (14%)	1,060.8 (15%)

Notes: All values are denominated in Trinidad and Tobago dollars.
The figures in parenthesis represent percentage changes from the previous year. All are increases except where shown with (-).

Statement of Net Income and Deposit Insurance Fund for the year ended

	SEPT 30, 2011 $M	SEPT 30, 2010 $M	SEPT 30, 2009 $M	SEPT 30, 2008 $M	SEPT 30, 2007 $M
NET INCOME FOR THE YEAR	188.9 (4%)	181.0 (6%)	170.0 (11%)	153.8 (14%)	134.2 (17%)
INTEREST EARNED	98.2 (-5%)	103.0 (0.20%)	102.8 (14%)	90.5 (19%)	76.3 (21%)
PREMIUM INCOME	103.6 (16%)	89.0 (16%)	77.0 (13%)	68.3 (14%)	59.7 (20%)
EXPENSES	13.2 (23%)	10.7 (55%)	6.9 (35%)	5.1 (4%)	4.9 (-4%)

Notes: All values are denominated in Trinidad and Tobago dollars.
The figures in parenthesis represent percentage changes from the previous year. All are increases except where shown with (-).

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 the 30th September, 2011was $1,782.26 million, an increase of 12 per cent when compared to the corresponding date in 2010. The main sources of growth in the Fund were premiums and interest income (after expenses). The *Net Income*, which is the amount that is left after operating expenses are accounted for, is a central item on the *Statement of Net Income and Deposit Insurance Fund*. In addition, the *Statement* also shows the income earned and expenses incurred for the current and previous fiscal years, as well as, changes in the *Deposit Insurance Fund* during the same period. The growth of the Fund over the past five years is illustrated in **Chart I**.

Net Income for the financial year ended 30th September, 2011 amounted to $188.9 million compared to $181.0 million year-on-year. This represented an increase of $7.9 million or 4 per cent higher than that recorded for the previous financial year.

The Total Income realized over the period amounted to $202.1 million, which represented an increase of $9.8 million when compared to $192.3 million in 2010. The Total Expenses used to manage the Fund amounted to $13.2 million; this was an increase of $2.5 million when compared to the 2010 figure.

The two main contributors to income on the Statement of Net Income and Deposit Insurance Fund 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 closer detail.

Interest Income

Interest or investment income is generated by the Corporation's investment portfolio. During the fiscal year which ended 30th September 2011, the portfolio earned $98 million compared to $103 million for the previous fiscal year, representing a year-on-year reduction in interest income by 5 per cent. Over fiscal 2011, market rates continued to trend downwards and this resulted in the reduction in interest income when compared with previous years. The average yield on short-term securities stood at 1.70 per cent at the end of the fiscal period. On long-term securities, the average yield fell from 6.76 per cent to 6.44 per cent, year-on-year. Overall, the average yield

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

Chart I - Deposit Insurance Fund

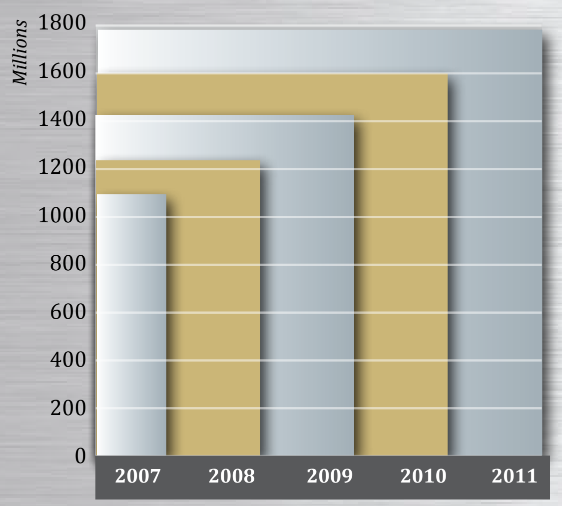


Chart II - Interest Income

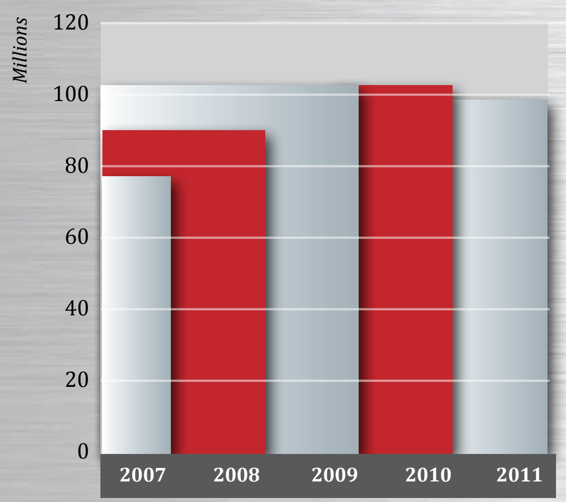
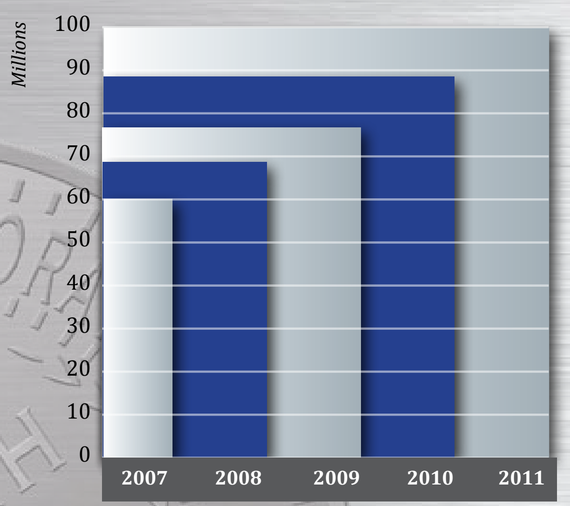


Chart III - Premiums Received



on the investment portfolio for the financial year ended 30th September, 2011 was 5.15 per cent compared to 6.54 per cent as at the previous financial year end. **Chart II** illustrates the interest earned over the past five years.

Annual Premiums

The Corporation is mandated by law to levy contributions to the Deposit Insurance Fund from each member institution; the first contribution is made six months after the institution acquires membership status (initial contribution). Another levy follows twelve 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 is fixed at 0.4 per centum of the aggregate of the deposit liabilities. However, for the first and subsequent annual premia, a fixed rate of 0.2 per centum of the aggregate of the deposit liabilities applies. The dates used in the computation are specified in the Bye-Laws.

Annual premiums that were levied and collected from twenty-five member institutions in fiscal 2011 amounted to $103.6 million, an increase of 16 per cent compared with what was collected in fiscal 2010. **Chart III** illustrates the growth of annual premiums over the past five years.

Annual premiums increased between 2010 and 2011 mainly due to the growth in deposit liabilities of member institutions between the calendar years 2009 and 2010. (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, there was no increase in the number of members, however, as a result of a re-branding exercise, the names of the institutions within the RBTT Group were changed to reflect the RBC branding. The re-branded names are as follows:

RBC Royal Bank (Trinidad and Tobago) Limited
RBC Investment Management (Caribbean) Limited
RBC Merchant Bank (Caribbean) Limited
RBC Trust (Trinidad and Tobago) Limited.

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 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.

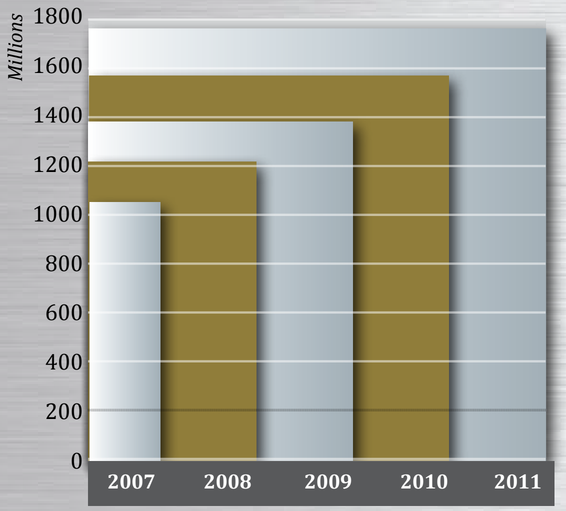
(iii) Reasonable Growth of the Fund

Although the best efforts should be made to grow the Fund, this should only be undertaken subject to the other two 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 (0-20 per cent of the portfolio).
- Corporate Securities (0-20 per cent of the portfolio).
- Trinidad and Tobago Government Securities (20 per cent -100 per cent of the portfolio).
- Foreign Investments (0-30 per cent of the portfolio).

Chart IV - Investment Portfolio



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

(b) Status of the Investment Portfolio

The size of the investment portfolio as at 30th September, 2011 was $1,750.3 million which was an increase of $184 million or 12 per cent when compared with the figure one year earlier. **Chart IV** illustrates the growth of the investment portfolio over the past five years.

The investment mix changed slightly year-on-year. At the end of fiscal 2011, 88 per cent of the portfolio was represented by Trinidad and Tobago Government Securities while 12 per cent of the portfolio comprised deposits in member institutions and money market investments in the Trinidad and Tobago Unit Trust Corporation and the Home Mortgage Bank. In October 2011, the Corporation invested in Corporate Securities. As a result, by year-end 2011 the investment portfolio comprised a mix of deposits including fixed income mutual funds representing 7 per cent of the portfolio, corporate securities representing 5 per cent of the portfolio and government securities representing 88 per cent of the portfolio. As mentioned previously, the average yield on the portfolio fell during fiscal 2011; 5.15 per cent as at the 30th September, 2011 compared to 6.54 per cent one year prior. This fall in yield was experienced across all categories of investments and was a reflection of the depressed market conditions which persisted into fiscal 2011.

Deposits

Within fiscal 2011, investment activity increased slightly and as at the 30th September, 2011 deposit balances moved from $9.35 million to $12.8 million at the start of fiscal 2011; an increase by $3.45 million. On the other hand, holdings of fixed income mutual funds were substantially reduced from $176.91 million as at the 30th September, 2010 to $112.93 million by fiscal 2011 year-end; a decrease by $63.98 million. Deposits represented 7 per cent of the investment portfolio as at the 30th September, 2011 compared to 11 per cent one year prior.

Corporate Securities

As at the start of fiscal 2011, the investment portfolio included $92.6 million in corporate securities; representing 6 per cent of the investment portfolio. By the end of fiscal 2011, the holdings of corporate securities remained the same, however, the amount represented 5 per cent of the portfolio.

Government Securities

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

Treasury Bills

At the start of fiscal 2011, there were no holdings of Treasury Bills within the investment portfolio. However, by the 30th September, 2011 the portfolio included $115.6 million in Treasury Bills representing 7 per cent of government securities. The average yield on Treasury Bills as at the end of fiscal 2011 was 1.70 per cent.

Treasury Notes

Holdings of Treasury Notes decreased by $25.5 million, from $393.3 million as at 30th September, 2010 to $367.8 million as at 30th September, 2011. Treasury Notes represented 21 per cent of the portfolio as at the end of fiscal 2011 compared to 25 per cent as at the end of fiscal 2010. The average yield on Treasury Notes fell from 8.05 per cent at the start of fiscal 2011 to 3.88 per cent by the 30th September, 2011.

Government Bonds

Holdings of Government Bonds increased over the period from $986.7 million at the start of fiscal 2011 to $1,048.6 million as at the 30th September, 2011; an increase of $61.9 million. As at the end of fiscal 2011, Government Bonds represented 60 per cent of the portfolio compared to 63 per cent as at the end of fiscal 2010. Consistent with the downward trend on yields experienced in other investment categories, the average yield on Government Bonds also decreased from 6.76 per cent to 6.44 per cent year-on-year.

Liquidation

Since its establishment, the Corporation has paid insurance claims to the depositors of eight institutions which were closed by the Central Bank and classified as failed institutions. For each of these failures, the Corporation was the liquidator that was appointed. To date, three of the liquidations have been completed, while five institutions remain under the Corporation's purview. These five companies in liquidation are all awaiting resolution of legal matters before official winding up can be completed.

On October 17, 2011 the High Court ruled that Clico Investment Bank be wound up under the provisions of the Companies Act, Chapter 18:01 and the Deposit Insurance Corporation was appointed Liquidator of the company.

Risk Assessment

During the 2011 financial year, risk assessment centered on the following critical areas:

- Expansion of the Corporation's capacity to deal with liquidations through the add-on of a Loans Management System to the automated Insurance Pay-out System that was introduced in fiscal 2009;

- A Self-Assessment of DIC's compliance with the IADI/BCBS Core Principles for Effective Deposit Insurance Systems (international compliance standards for deposit insurance systems);
- Examination of the adoption of an Integrated Deposit Insurance System model to incorporate an expansion of the Corporation's mandate to cater for a similar protection system for members of credit unions.

International Outreach

The Corporation's staff participated in the International Association of Deposit Insurers (IADI) conferences and meetings as shown below.

Meetings/Conferences

Meetings / Conferences	Date	Place
IADI – 9th Annual Conference & Annual General Meeting, Standing Committees and Executive Council Meeting	October, 2010	Tokyo, Japan
IADI – Seminar "Deposit Insurance System Overview, Focus on Premiums and Fund Management"	June, 2011	Washington DC, USA
IADI – Research Conference and Executive Council Meeting	June, 2011	Basel, Switzerland

Changes in the Board of Management

Within fiscal 2011, the terms of appointment of two directors, Mr. Michael Alexander and Ms. Nicole Crooks were rescinded. These directors were replaced by Ms. Saleema Hosein effective April 19, 2011 and Mr. Vickram Joadsingh effective November 3, 2011. Ms. Hosein is an Attorney-at-Law who specializes in Civil, Conveyancing, Family and Criminal Law. Mr. Joadsingh is a Fellow member of the Association of Chartered Certified Accountants (FCCA), a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), a member of the Institute of Internal Auditors, a member of the Association of Certified Fraud Examiners and also a member of the Institute of Chartered Accountants of Trinidad and Tobago. He has over a decade of internal audit service experience at a Big 4 Audit firm, was a former Chief Financial Officer of a local bank, was a former Chief Audit Executive at a special purpose state entity and at present is the Head Internal Auditor at a leading $20 billion dollar financial institution.

Performance Report 2011

Performance Report 2011

Performance Report

The Deposit Insurance Corporation of Trinidad & Tobago (DIC) celebrates twenty-five years of operations this year. Since its inception the DIC has promoted greater stabilization in the financial system and contributed to depositor confidence in the safety of their funds held in Trinidad & Tobago deposit institutions licensed with the Central Bank for the past quarter of a century. The DIC has facilitated the settlement of depositors' claims and the efficient liquidation of eight institutions over the past years and have currently undertaken a ninth liquidation. The corporation recognizes its Silver Anniversary through reflection on various milestones through the years.

The Central Bank and Financial Institutions (Non-Banking) Amendment Act 1986 established the Deposit Insurance Corporation in Trinidad & Tobago during a turbulent economic period of the country's economic history. At that time Trinidad and Tobago faced a general economic downturn brought on in large measure by exogenous shocks to the petroleum industry. The knock on effects on the wider economy resulted in business failure as well as adverse effects on the banking and financial system. The fledgling Corporation was immediately called to duty as four licensed members collapsed. The DIC at that time became responsible for an insurance payout of $196 million. This resulted in a deficit of almost $100 million in the Fund, which was financed through a loan from Central Bank.

Today, in the post Global Financial Crisis era, there are many sovereigns and financial institutions worldwide that are experiencing financial instability. Against the backdrop of financial turmoil, deposit insurers provide a sense of comfort to depositors concerned about their savings. The DIC in Trinidad and Tobago manages a Fund which stood at $1,782.3 million as at September 30, 2011 this covers 9.31% of insured deposits. Deposit insurance coverage limits have grown over the years from TT$50,000 at the establishment of the Fund to TT$125,000 where it stands today. The DIC has also made strides towards regional and international partnership through the International Association of Deposit Insurers and the sub-committee Caribbean Regional Council (CRC). These associations have allowed for shared liquidation experiences which assist in the improvement of the capacity and capabilities of the DIC.

Liquidations

In the year the DIC came into existence, it was charged with the responsibility for liquidating four (4) institutions. The Corporation's first year of premia totalled $94.6 million while the accounts reflected a net payout expense of $179.3 million. Under the conditions laid out in the existing legislation at the time, the resulting deficit was financed by a loan from the Central Bank of Trinidad & Tobago. In 1988, the addition of Mat Securities Limited to the list of suspended institutions presented the first opportunity for the DIC to become fully involved in the liquidation of a member institution and implement new management systems for payouts. Insurance payouts at this time were managed by agent banks, who would bid for the management of the process. In the case of Mat Securities Limited, National Commercial Bank of Jamaica (NCBJ) Trinidad & Tobago successfully won this bid.

The liquidations of Bank of Credit and Commerce International (BCCI) and Caribbean Mortgage and Funds Limited in 1991 also presented some significant landmarks in the history of the DIC. Firstly, the directive for the closure of BCCI was not generated locally but originated from the Bank of England. The local branch of the bank despite a high quality loan portfolio was closed, to pre-empt the possibility of a 'run' on the bank and protect depositors' funds. This represented a turning point for the way the DIC operated as well as the manner in which the Corporation managed payouts.

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

Previous to the winding up order for BCCI, the majority of DIC's insurance funds were held with member institutions. The advent of BCCI's international scandal meant that the Corporation recognized the importance of diversification and security of investments. The DIC instituted an Investment Committee tasked with the oversight of the Fund to ensure that investments complied with set policies. The DIC also attempted to minimize risk through diversification and moved from a 38% allocation to Government of Trinidad & Tobago securities to an 80-100% allocation as at September 30, 2011 as per Investment Policy Guidelines. The payout for BCCI and Caribbean Mortgage also marked the first time that the DIC undertook the process from its own resources instead of using agent banks. This was rolled out successfully by DIC's staff at the time. Furthermore, the DIC was able to sell BCCI's entire loan portfolio as a unit, instead of individually pursuing loans of the liquidated institution. Improved management systems allowed DIC to quickly complete these two payouts in one year from commencement.

Over twenty-five years, the DIC managed nine payouts to depositors of failed member institutions. The table below highlighted the amounts expended in each payout.

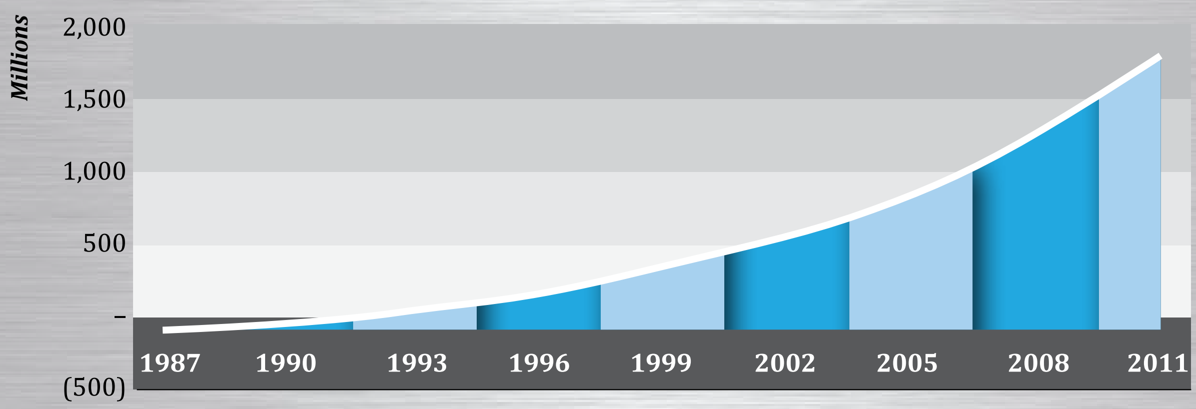
Payouts	No. of Deposits	$ Million
Commercial Finance Company Limited	7,452	100.1
Trade Confirmers Limited	3,647	55.7
Summit Finance	2,097	28.8
SWAIT Finance Limited	350	6.7
Mat Securities Limited	366	8.0
Principal Finance Limited	377	5.2
Bank of Credit and Commerce International	162	10.3
Caribbean Mortgage and Funds Company	179	4.0
Clico Investment Bank Limited	128	4.3
Total	**14,758**	**223.1**

DIC has officially closed liquidations for Summit Finance Limited, Mat Securities Limited and Bank of Credit and Commerce International Limited. The Corporation still acts as liquidator for six (6) of the nine (9) failed institutions and is responsible for the assets and liabilities of these institutions.

The Fund

The DIC is responsible for the management of the Insurance Fund which is financed by premium from member institutions. Since the establishment of the DIC in 1986, premium has remained constant at 0.2% of deposit liabilities. When the DIC first commenced operations, the fund began in a deficit which was funded by debt sourced from the Central Bank. Growth in deposits and premiums reduced the deficit until the Fund moved out of deficit in 1992 and in December 2002, the last payment was made to the loan. Currently, the Fund stands at $1.78 billion which represents compounded average annual growth of 32.7%. This is attributed to the expansion in deposits across the years and increased nominal investment returns.

Deposit Insurance Fund Performance (1987-2011)



In 2007, Corporate Planning exercises explored increased Risk Assessment of the Fund by considering 'stress tests' for the fund and expanding the scope of the products covered. Notably, in 2007 the government increased the deposit insurance limit from $50,000 to $75,000 in recognition of increased personal income and a corresponding need for increased savings protection. The DIC is presently conducting research on Fund Adequacy and establishment of a required target for the fund.

Membership

In the DIC's twenty-five (25) years of operations member institutions moved from twenty-nine (29) to twenty-five (25), through the combined effect of liquidations and mergers. The member institutions have gone through changes as well through re-branding and acquisitions.

MEMBER INSTITUTIONS IN 1986

Commercial Banks

Bank of Commerce Trinidad & Tobago Limited
Bank of Nova Scotia Trinidad & Tobago Limited
National Commercial Bank of Trinidad & Tobago Limited
Republic Bank Limited
Royal Bank of Trinidad & Tobago Limited
Trinidad Co-operative Bank Limited
United Bank of Trinidad & Tobago Limited

Finance Houses

Amalgamated Finance Company Limited
Caribbean Finance Company Limited
Caribbean Mortgage and Funds Limited
General Finance Corporation Limited
Mat Securities Limited
Principal Finance Company Limited
Total Finance
Trinfinance Limited

Trust Companies

Bank of Commerce Trust Company Trinidad & Tobago Limited
Bank of Nova Scotia Trust Company Trinidad & Tobago Limited
National Commercial Bank Trust Company Limited
Royal Bank Trust Company (Trinidad) Limited
Trinidad Co-operative Bank Trust Company (Trinidad & Tobago) Limited
Workers' Bank Trust Company Limited

Mortgage Companies

Republic Finance Corporation Limited (FINCOR)
Royal Bank Mortgage & Finance Company Limited

Merchant Banks

Bank of Credit and Commerce International (Trinidad & Tobago Merchant Bankers) Limited
Citicorp Merchant Bank Limited
International Industrial Merchant Bank of Trinidad & Tobago Limited

ACROSS THE YEARS

New Members

Fidelity Finance and Leasing –1989
Clico Investment Bank –1990
First Citizens Bank Limited –1993
Development Finance Limited –1994
Fleming Ansa Merchant Bank Limited – Membership 1994; *Currently ANSA Finance and Merchant Bank Limited*
Intercommercial Bank - 1998
Island Finance Trinidad & Tobago Limited –2002
Guardian Asset Management –2003
Bank of Baroda (Trinidad & Tobago) Limited – 2007
The Mercantile Banking & Financial Corporation Ltd. – Membership 1998; *Acquired by First Caribbean International Bank*

Liquidations

Commercial Finance Company Limited – 1986
Summit Finance Corporation (Trinidad and Tobago) Limited – 1986
Trade Confirmers Limited – 1986
Swait Finance Limited – 1986
Mat Securities –1988
Bank of Credit and Commerce International (Trinidad and Tobago Merchant Bankers) Limited – 1991
Caribbean Mortgage and Funds Limited – 1991
Principal Finance Company Limited – 1993
Clico Investment Bank – 2011

Mergers

National Commercial Bank of Trinidad & Tobago Limited – Merger 1993
Trinidad Co-operative Bank Limited – Merger 1993
Workers' Bank of Trinidad & Tobago Limited – Merger 1993
Workers' Bank Trust Company Limited – Merger 1993
International Industrial Merchant Bank of Trinidad & Tobago Limited – Merger 1993
Trinfinance Limited – Merger 1993
Bank of Commerce Trinidad & Tobago Limited - Merger 1997

Name changes

United Bank of Trinidad & Tobago Limited – *Re-named Citibank (Trinidad & Tobago) Limited 1989*
Bank of Nova Scotia Trinidad & Tobago Limited – *Re-named Scotiabank Trinidad & Tobago Limited 1995*

MEMBER INSTITUTIONS IN 2011

DIC Member Institutions

Currently, there are twenty-five members of the Deposit Insurance Fund. Membership in the Fund is compulsory for all institutions licensed under the Financial Institutions Act, 2008. Members of the Deposit Insurance Fund include:

COMMERCIAL BANKS

Bank of Baroda (Trinidad and Tobago) Limited
Citibank (Trinidad and Tobago) Limited
First Caribbean International Bank (Trinidad & Tobago) Limited
First Citizens Bank Limited
Intercommercial Bank Limited
RBC Royal Bank (Trinidad and Tobago) Limited
Republic Bank Limited
Scotiabank Trinidad and Tobago Limited

FINANCE HOUSES

AIC Finance Limited
Caribbean Finance Company Limited
Fidelity Finance and Leasing Company Limited
General Finance Corporation Limited
Island Finance Trinidad and Tobago Limited

TRUST COMPANIES AND MERCHANT BANKS

Ansa Merchant Bank Limited
Citicorp Merchant Bank Limited
Development Finance Limited
First Citizens Asset Management Limited
First Citizens Trustee Services Limited
Guardian Asset Management Limited
Intercommercial Trust and Merchant Bank Limited
RBC Investment Management (Caribbean) Limited
RBC Merchant Bank (Caribbean) Limited
RBC Trust (Trinidad and Tobago) Limited
Republic Finance and Merchant Bank Limited
Scotiatrust and Merchant Bank Trinidad and Tobago Limited

Legislation

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 enabling legislation which guides the operation of the Corporation is:

1. Section VB of the Central Bank and Financial Institutions (Non-Banking) (Amendment) Act – 1986 (PDF)
2. Central Bank and Financial Institutions (Non-Banking) (Amendment) Act – 1986
3. Bye-Laws or Legal Notices
    - The Central Bank (Deposit Insurance) Bye-Laws, 1986 - Legal Notice No. 210
    - The Central Bank (Deposit Insurance) Order, 1986 - Legal Notice No. 211
    - The Central Bank (Deposit Insurance) Order, 1987 - Legal Notice No. 207
    - The Central Bank (Deposit Insurance) Order, 2007 – Legal Notice No. 237
    - The Central Bank (Deposit Insurance) Order, 2012 – Legal Notice No. 10
    - The Central Bank (Deposit Insurance) (Amendment) Bye-Laws, 1988 – Legal Notice No. 124
4. Financial Institutions Act, 2008.

The DIC under its mandate has aggressively pursued legal action as liquidators of the failed institutions. Many of these cases have involved the collection of outstanding loans or monies owed by debtors. As such, it is the overarching duty of the DIC to focus on the winding up of the institutions and protection of the interest of creditors. The DIC also reviews current legislation for increased protection of depositors and expansion of the safety net. For example, in 2006 the DIC explored an expanded mandate of the Single Insurer Deposit Model to update the existing legislation to include other types of financial institutions for increased protection.

Partnerships and Public Awareness

The DIC has pursued partnerships with stakeholders, both domestically and internationally. In the 1990's the DIC established contact with deposit insurance institutions in the United States and United Kingdom to develop resources and improve operations. This provided the foundation for the DIC to submit recommendations for improved legislation to Central Bank of Trinidad and Tobago. The establishment of the International Association Deposit Insurers in 2002 was the launch of a new era for the Corporation. DIC was a founding member of the Association and represented by the General Manager at the time, Mr. Junior Frederick. The Deposit Insurance Corporation of Trinidad & Tobago would now be able to partner with international resources as well as regionally with Jamaica and the Bahamas. This provided the DIC with the ability to contribute to matters pertaining to deposit insurance, contribute to policy formation at the international level, as well as get access to increased technical assistance and training. Regional partnership has also been pursued under the Caribbean Regional Council with Seminars on Core Principles on Deposit Insurance in 2011.

Mr. Junior Frederick at International Association Deposit Insurers Meeting in 2002

In 2005, on the 20th Anniversary of the DIC, a comprehensive analysis of the Corporation's public presence was conducted. This provided the foundation for the DIC's Public Awareness Programme. In fulfilling the mandate to inform depositors of the protection available to them, the DIC produced media content as well as outreach seminars for the staff of member institutions.

The DIC has persevered in efforts to meet its directive of increased stability, safety, integrity and public confidence in the financial system of Trinidad & Tobago by providing protection for depositors. The Corporation has sought to develop its dual role as both an insurer and liquidator to improve efficiency in management systems. New initiatives for risk management and expanded legislation are at the forefront of the DIC's Corporate Planning. The implementation of Basel's Core Principles for Effective Deposit Insurance is critical to guide effective operations in the future. In an era of increased financial innovation and international financial crises, the DIC is even more resolved through its mandate to ensure depositor confidence in the financial safety net.

Financial Statements 2011

Financial Statements 2011

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 representation 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 judgements 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.

Earl Boodoo
General Manager

Date: 10th May, 2012

Jacqueline Fermin
Head – Corporate Services & Finance

Date: 10th May, 2012

Independent Auditors' Report

PKF

Chartered Accountants
& Business Advisors

We have audited the accompany financial statements of Deposit Insurance Corporation, which comprise the statement of financial position as at 30 September 2011, the statements of net comprehensive income and Deposit Insurance Fund, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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. 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.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Deposit Insurance Corporation as of 30 September 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

Port-of-Spain
TRINIDAD AND TOBAGO
10 May 2012

STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2011 $'000	30 September 2010 $'000
ASSETS			
Current Assets:			
Cash and cash equivalents	6	127,824	186,376
Held-to-maturity investments – Current	7 (a)	139,922	333,585
Accounts receivable	8	26,722	25,871
Liquidation advances recoverable		3	3
Total Current Assets		294,471	545,835
Non-Current Assets:			
Held-to-maturity investments – Non-current	7 (b)	1,484,656	1,046,429
Security deposit – Central Bank	2 (e)	40	35
Property, plant and equipment	9	4,916	2,869
Total Non-Current Assets		1,489,612	1,049,333
Total Assets		**1,784,083**	**1,595,168**
LIABILITIES AND EQUITY			
Current Liabilities:			
Current balance due to Central Bank	13 (c)	109	110
Accounts payable		714	714
Total Liabilities		823	824
Equity:			
Capital (authorised and paid up)	13 (a)	1,000	1,000
Deposit Insurance Fund		1,782,260	1,593,344
Total Equity		1,783,260	1,594,344
Total Liabilities and Equity		**1,784,083**	**1,595,168**

These audited financial statements have been approved by the Board of Management on 10 May 2012 and signed on its behalf by:

Ewart Williams
Chairman

Vickram Joadsingh
Director

(The accompanying notes form part of these financial statements)

Statement of Net Comprehensive Income and Deposit Insurance Fund

	Notes	30 September 2011 $'000	30 September 2010 $'000
Income:			
Interest earned		98,249	103,056
Initial contributions and annual premia	2 (i)	103,644	89,033
Amortisation of discounts on investments		234	220
Gains on revaluation of investments		–	–
Gain on disposal of fixed assets		4	3
Foreign exchange gains		1	–
Liquidation/receivership fees		15	24
Other		8	5
		202,155	192,341
Expenses:			
Personnel	10	3,961	4,391
General and administrative	11	2,369	1,960
Foreign exchange losses		–	4
Loss on disposal of fixed assets		–	2
Amortisation of premiums on investments		6,013	3,548
Depreciation on property, plant and equipment	2(h), 9	896	803
		13,239	10,708
Net income		188,916	181,633
Less: Insurance claims (CIB depositors)		–	(570)
Net income for the year		188,916	181,063
Fund balance at beginning of year		1,593,344	1,412,281
Fund balance at end of year		**1,782,260**	**1,593,344**

(The accompanying notes form part of these financial statements)

Statement of Changes in Equity

For the year ended 30 September 2011

	Stated Capital $'000	Deposit Insurance Fund $'000	Total $'000
Balance as at 1 October 2009	1,000	1,412,281	1,413,281
Net income for the year	–	181,063	181,063
Balance as at 1 October 2010	1,000	1,593,344	1,594,344
Net income for the year	–	188,916	188,916
Balance as at 30 September 2011	**1,000**	**1,782,260**	**1,783,260**

(The accompanying notes form part of these financial statements)

Statement of Cash Flows

	30 September 2011 $'000	2010 $'000
Cash Flows from Operating Activities:		
Net income	188,916	181,633
Adjustments for:		
Amortisation of premiums on investments	6,013	3,548
Depreciation	896	803
Foreign exchange (gains) / losses	(1)	4
Gain on disposal of fixed assets	(4)	(3)
Loss on disposal of fixed assets	–	2
Amortisation of discounts on investments	(234)	(220)
Operating surplus before working capital changes:	195,586	185,767
Net change in liquidation advances recoverable	–	(3)
Net change in accounts receivable	(851)	5,670
Net change in security deposit	(5)	(6)
Net change in current balance due to Central Bank	(1)	(52)
Net change in accounts payable	–	(35)
Cash provided by operating activities	194,729	191,341
Cash Flows from Investing Activities:		
Purchase of Government Treasury Bills – Local	(144,844)	–
Proceeds from redemption of Government Treasury Bills – Local	29,207	201,220
Purchase of Government Treasury Notes	(277,219)	–
Proceeds from redemption of Government Treasury Notes	302,668	65,000
Purchase of Corporate Bonds	(92,580)	–
Purchase of Government Bonds – Local	(144,331)	(534,713)
Proceeds from redemption of Government Bonds	76,756	117,724
Additions to property, plant and equipment	(2,948)	(1,346)
Proceeds from sale of property, plant and equipment	10	93
Cash used in investing activities	(253,281)	(152,022)
Cash Flows from Financing Activities:		
Reduction in Deposit Insurance Fund	–	(570)
Cash used in financing activities	–	(570)
Net change in cash and cash equivalents	(58,552)	38,749
Cash and cash equivalents, beginning of year	186,376	147,627
Cash and cash equivalents, end of year	**127,824**	**186,376**

(The accompanying notes form part of these financial statements)

1. PRINCIPAL ACTIVITY

The Deposit Insurance 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. (All references made to legislation in the ensuing paragraphs unless specifically stated otherwise, relate to the Central Bank Act Chapter 79:02). The Corporation is a statutory body, the authorised capital of which is fixed by the Act in the amount of **$1,000,000**. However, an increase may be approved by the Minister to whom the responsibility for finance is assigned.

The Corporation's principal objective is to manage a Deposit Insurance Fund established by the Act to provide insurance coverage on deposits held with member institutions to a maximum of **$75,000** per depositor in each capacity and right in each institution. Membership of the Fund is compulsory for all institutions licensed under the Financial Institutions Act, 2008. It should be noted that effective 17 January 2012 the maximum coverage limit was increased to **$125,000** per depositor in each capacity and right in each institution.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

(b) Use of estimates

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Corporation's accounting policies. 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.

(c) New Accounting Standards and Interpretations

i) The Corporation has not applied the following IFRIC interpretations that became effective during the current year, as they do not apply to the activities of the Corporation:

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) New Accounting Standards and Interpretations (continued)

ii) The Corporation has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Corporation or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

IFRS 1 First-time Adoption of International Financial Reporting Standards – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).

IFRS 1 First-time Adoption of International Financial Reporting Standards – Replacement of "fixed dates" for certain exceptions with "the date of transition to IFRSs' (effective for accounting periods beginning on or after 1 July 2011).

IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional exemption for entities ceasing to suffer from hyperinflation (effective for accounting periods beginning on or after 1 July 2011).

IFRS 7 Financial Instruments: Disclosure – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).

IFRS 7 Financial Instruments: Disclosure – Amendments enhancing disclosure about transfers of financial assets (effective for accounting periods beginning on or after 1 July 2011).

IFRS 9 Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2015).

IFRS 9 Financial Instruments: Accounting for Financial Liabilities and Derecognition (effective for accounting periods beginning on or after 1 January 2015).

IFRS 10 Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013).

IFRS 11 Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013).

IFRS 12 Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013).

IFRS 13 Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013).

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(c) **New Accounting Standards and Interpretations (continued)**

IAS 1	Presentation of Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (effective for accounting periods beginning on or after 1 July 2012).
IAS 12	Income Taxes – Limited scope amendment - recovery of underlying assets (effective for accounting periods beginning on or after 1 January 2012).
IAS 19	Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective for accounting periods beginning on or after 1 January 2013).
IAS 24	Related Party Disclosure: Revised definition of related parties (effective for accounting periods beginning on or after 1 January 2011).
IAS 27	Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013).
IAS 28	Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013).
IAS 32	Financial Instruments; Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014).
IAS 34	Interim Financial Reporting – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).

The adoption of IFRS 9 Financial Instruments may result in significant changes in the Corporation's classification and presentation of financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investments

The Corporation has classified all investments into the following categories:

Available-for-sale

These securities are intended to be held for an indefinite period of time but may be sold in response to the needs for liquidity or changes in interest rates, exchange rates or equity prices. After initial recognition, available-for-sale investments are measured at fair value with unrealised gains or losses recognised in the Investment Re-measurement Reserve.

For actively traded investments, fair value is determined by reference to the Stock Exchange quoted market prices at the Statement of Financial Position date, adjusted for transaction costs necessary to realise the investment. For investments where there is no quoted market price, the carrying value is deemed to approximate fair value.

Held to maturity

These are securities which are held with the positive intention of holding them to maturity and are stated at amortised cost less provisions made for any permanent diminution in value.

(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.

Financial assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, that is, the date on which the Corporation commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments (continued)

Impairment of financial assets

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

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

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

i) Significant financial difficulty of the issuer or obligor.

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

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

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

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

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 the Statement of Comprehensive Income.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(e) **Financial instruments (continued)**

Impairment of financial assets (continued)

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 the Statement of Comprehensive 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 the Statement of Comprehensive Income. These losses are not reversed.

Financial liabilities

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

Cash and cash equivalents

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

Accounts receivable

Accounts receivable are initially measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

Non-current assets

The security deposit attached to the rental agreement with Central Bank of Trinidad and Tobago has been presented as a non-current asset. The security deposit amounts to **$39,750**.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(e) **Financial instruments (continued)**

Impairment of financial assets (continued)

Accounts payable

Accounts payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(f) **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 Statement of Financial Position 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.

(g) **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 the Statement of Net Comprehensive Income and Deposit Insurance Fund.

(h) **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on a reducing balance basis at rates calculated to write off the cost of the assets over their estimated useful lives for all asset groups except computer equipment and software. The rates used are as follows:

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

The method of depreciation on computer equipment and software is the straight-line method, however in fiscal 2011; the estimated useful life on computer equipment was changed from a period of five (5) years to four (4) years. The estimated useful life on computer software was maintained at five (5) years.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Comparative figures

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

(j) 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 (Section 44M).

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

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

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

The Corporation is exempt from the provisions of any Act relating to income taxation or company 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, loans, customer deposits and other funding instruments.

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

3. **FINANCIAL RISK MANAGEMENT** (continued)

(b) ***Credit risk***

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. 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.

(c) ***Liquidity risk***

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Corporation has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Risk management

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

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

(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.

(e) ***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.

3. **FINANCIAL RISK MANAGEMENT** (continued)

(f) ***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.

(g) ***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.

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

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

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

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

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

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

iii) Which depreciation method for property, plant and equipment is used.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

i) **Impairment of assets**

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

ii) **Property, Plant and Equipment**

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

5. ASSETS UNDER ADMINISTRATION

There exist five (5) 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

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 30 September 2011. In relation to the table, the following points should be noted:

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

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

- Column (C) – Liabilities incurred represent liquidation expenses from the date of closure up to the end of the reporting period.

- Column (D) – Total realisations represent the amount received to date from the sale of liquidated assets.

5. ASSETS UNDER ADMINISTRATION (continued)

- 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.

Total Value of Assets at Closure (A) $'000	Total Liabilities at Closure (B) $'000	Total Liabilities incurred as at 30 September 2011 (C) $'000	Total Realisations as at 30 September 2011 (D) $'000	Total Payments as at 30 September 2011 (E) $'000	Remaining Liabilities as at 30 September 2011 (B+C-E) $'000
156,765	492,316	15,793	57,897	57,347	450,762

By High Court Order No. CV2010-01442 dated 17 October 2011 under the Honourable Justice Ronnie Boodoosingh, the Court ruled that Clico Investment Bank be wound up under the provisions of the Companies Act, Chapter 18:01 and the Deposit Insurance Corporation was appointed Liquidator of the company.

6. CASH AND CASH EQUIVALENTS

	30 September 2011 $'000	2010 $'000
Cash and bank balances	2,097	112
Term deposits	12,800	9,350
Money Market deposits	112,927	176,914
	127,824	**186,376**

7. HELD-TO-MATURITY INVESTMENTS

	30 September 2011 $'000	30 September 2010 $'000
a. Current		
Government Treasury Bills	115,637	–
Government Treasury Notes	–	302,712
Government Bonds	24,285	30,873
	139,922	333,585
b. Non-Current		
Corporate Bonds	92,580	–
Government Treasury Notes	367,757	90,619
Government Bonds	1,024,319	955,810
	1,484,656	1,046,429
	1,624,578	**1,380,014**

8. ACCOUNTS RECEIVABLE

	30 September 2011 $'000	30 September 2010 $'000
Interest receivable	26,172	25,520
Other receivable	550	351
	26,722	**25,871**

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements $'000	Motor Vehicles $'000	Furniture and Fixtures $'000	Office Equipment $'000	Computer Equipment $'000	Computer Software $'000	Work-in-Progress $'000	Total $'000
Cost								
Balance as at 1 October 2010	370	474	581	258	521	3,065	–	5,269
Additions	–	229	46	12	177	114	2,370	2,948
Transfers	–	–	–	(2)	2	–	–	–
Disposals	–	(124)	–	–	–	–	–	(124)
Balance as at 30 September 2011	370	579	627	268	700	3,179	2,370	8,093
Accumulated Depreciation								
Balance as at 1 October 2010	362	206	363	149	418	902	–	2,400
Charge for the year	3	123	26	18	90	636	–	896
Disposals	–	(119)	–	–	–	–	–	(119)
Balance as at 30 September 2011	365	210	389	167	508	1,538	–	3,177
Net Book Value								
Balance as at 30 September 2011	**5**	**369**	**238**	**101**	**192**	**1,641**	**2,370**	**4,916**
Balance as at 30 September 2010	**8**	**268**	**218**	**109**	**103**	**2,163**	**–**	**2,869**

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold Improvements $'000	Motor Vehicles $'000	Furniture and Fixtures $'000	Office Equipment $'000	Computer Equipment $'000	Computer Software $'000	Work-in-Progress $'000	Total $'000
Cost								
Balance as at 1 October 2009	370	407	591	174	616	979	1,222	4,359
Additions	–	350	3	85	44	864	–	1,346
Transfers	–	–	–	–	–	1,222	(1,222)	–
Disposals	–	(283)	(13)	(1)	(139)	–	–	(436)
Balance as at 30 September 2010	370	474	581	258	521	3,065	–	5,269
Accumulated Depreciation								
Balance as at 1 October 2009	358	310	348	130	506	289	–	1,941
Charge for the year	4	89	25	20	52	613	–	803
Disposals	–	(193)	(10)	(1)	(140)	–	–	(344)
Balance as at 30 September 2010	362	206	363	149	418	902	–	2,400
Net Book Value								
Balance as at 30 September 2010	**8**	**268**	**218**	**109**	**103**	**2,163**	–	**2,869**
Balance as at 30 September 2009	**12**	**97**	**243**	**44**	**110**	**690**	**1,222**	**2,418**

10. PERSONNEL EXPENSES

	30 September 2011 $'000	30 September 2010 $'000
Allowances	560	686
Salaries and overtime	2,345	3,053
Staff benefits	174	185
Directors' fees	581	154
Gratuity	1	45
Pension contributions	128	114
National Insurance contributions	108	102
Medical and Workmen Compensation Insurance	64	52
	3,961	**4,391**

In fiscal 2011, the fee structure applicable to Directors' Fees increased retroactive to June 2008. As a result, directors received payment of arrears for the period 2008–2011 based on the revised fees and allowances.

11. GENERAL AND ADMINISTRATIVE EXPENSES

	30 September 2011 $'000	30 September 2010 $'000
Office rental and related expenses	689	594
Repairs and maintenance	15	17
Equipment rental	51	48
Property services	11	11
Motor vehicle	82	76
Information technology	270	246
Printing and stationery	61	38
Public relations and advertising	243	162
Telecommunications	142	120
Professional fees	226	426
Library services	1	1
Archiving	17	14
Meetings	17	13
Training and education	143	2
International Association of Deposit Insurers (IADI) membership fees	59	69
Management contract (Administrative services provided by the Central Bank of Trinidad and Tobago)	50	50
Conferences and official visits	274	55
Miscellaneous	18	18
	2,369	**1,960**

12. 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 2011 were **$128,000** (2010: $114,000).

13. RELATED PARTY TRANSACTIONS

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

(a) **Capital contribution**

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

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

Two (2) members represent the Central Bank of Trinidad and Tobago on the Board of Management of the Corporation.

(c) **Current liabilities**

	30 September 2011 $'000	30 September 2010 $'000
Personnel and administration expenses reimbursable to the Central Bank	109	110
	109	**110**

(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 30 September 2011 under these arrangements were **$741,000** (2010: $660,000). Limited commercial banking type facilities are also provided by the Central Bank.

13. RELATED PARTY TRANSACTIONS (continued)

(e) **Key management personnel compensation**

	30 September 2011 $'000	30 September 2010 $'000
Short-term employee benefits	849	1,069
Post-employment benefits	34	51
	883	**1,120**

14. EMPLOYEES

At 30 September 2011 the Corporation had in its employ a staff of 16 persons (2010: 16).

DIC DEPOSIT INSURANCE CORPORATION

Level 11
Central Bank Building
Eric Williams Plaza
Independence Square
Port of Spain
Trinidad and Tobago, WI

Tel: 1-868-625-5020/1
Hotline: 800-4342
Fax: 1-868-623-5311
Email: info@dictt.org
Website: www.dictt.org