Annual Report 2020

Deposit Insurance Corporation

Trinidad and Tobago

PROTECTION THAT'S
ON THE MONEY

WELCOME

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

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

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

CONTACT US

Address:
19-20 Victoria Square West
Port of Spain

Telephone: 1 (868) 285-9342
FaX: 1 (868) 623-5311
Website: www.dictt.org
Email: info@dictt.org

DEPOSITOR RESOURCES

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

Depositor Insurance Glossary

Tips for Depositors

Frequently Asked Questions

Publications

Our Strategic Plan

Claim Forms

Facts & Myths

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ABOUT US

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

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

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

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

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

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

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VISION AND MISSION

Vision

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

Mission

To promote public confidence in the banking system by:

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

Core Values

- Integrity

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

- Adaptability

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

- Accountability

  Takes ownership of actions and outcomes

- Teamwork

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

MESSAGE FROM THE CHAIRMAN

DR. ALVIN HILAIRE

FINANCIAL YEAR 2020 WAS AN EXCITING AND HIGHLY REWARDING TIME FOR THE DEPOSIT INSURANCE CORPORATION (DIC) AS SUBSTANTIAL ACHIEVEMENTS WERE MADE IN MEETING OUR STRATEGIC DELIVERABLES AND IN IMPROVING OUR OPERATIONAL CAPABILITIES.

The advent of the Covid-19 pandemic highlighted the professionalism and passion in our staff who continued to perform and deliver during this challenging period. At the same time, the DIC made good strides in strengthening its crisis planning and management capacity.

THE CHALLENGES THIS YEAR HAVE BEEN MANY BUT ONCE AGAIN THE DIC AND ITS EMPLOYEES HAVE RISEN TO THE OCCASION

Strategic Effort

I am pleased to announce that within 2 years we have been able to fully complete 6 of the 8 strategic initiatives which formed the core of our 2018 – 2023 Strategic Plan with substantial work already carried out on the remaining initiatives.

During this financial period the DIC reviewed various deposit insurance models and analysed the benefits of alternative resolution strategies with the aim of reducing the resolution cost associated with resolving member institutions in financially distressed circumstances. The end result is the Board's agreement to adopt the loss minimiser business model for Trinidad and Tobago, a step that will involve a revision to existing legislation.

In line with the 2019 Peer Review assessment of the DIC's compliance with the Core Principles of the International Association of Deposit Insurers (IADI)[1], 42 action items were prioritized in the DIC's activities for this year. Of these, 32 have already been completed.

The DIC continues its preparedness efforts and engaged with the Central Bank as a stakeholder in the National Crisis Management Framework.

Further developments were made in improving collaboration with stakeholders as part of our Communications Plan and Awareness Campaign. In September 2019, the first quarterly DIC inFocus bulletin was issued to member institutions. We launched our new social media outreach in February, targeting a wide cross section of the population via Facebook. Online training for staff of Member institutions commenced in November 2020.

Liquidations

The DIC was able to make substantial progress in its role as Liquidator by making applications to the High Court to exit from 5 long-standing and dormant cases[2]. Final decisions are awaited from the High Court.

International and Regional

Internationally, this financial year the DIC continued to fulfil its role as sitting Executive Council Member on the International Association for Deposit Insurers (IADI), contributing to the governance framework as well as the training initiatives and plans of the organisation. The DIC also chaired the Caribbean Regional Committee until May 2020. Enhanced cooperation with other regional committees, namely, the Latin America Regional Committee and the North America Regional Committee was also evidenced in early 2020 with the DIC obtaining approval to host the Fifth Americas Deposit Insurance Forum. However, uncertainty as a result of the Covid 19 pandemic led to the cancellation of the Forum.

In June and July 2020 the DIC was invited by the World Bank to also participate in a Deposit Insurance workshop hosted by the Eastern Caribbean Central Bank and the World Bank Group. On that occasion, Mrs. Michelle Rolingson-Pierre, General Manager, presented on Trinidad and Tobago's experiences with deposit insurance to an audience of financial institutions and regulators.

Operations

Along with so many businesses, our contingency planning readiness was tested when the arrival of the Covid-19 pandemic resulted in the implementation of a staff work from home policy and the rostering to office as appropriate. Virtual meetings, increased use of online payment systems, implementation of protocols informed by risk assessments and awareness training for staff on vulnerability and ethical hacking became the new normal.

The challenges this year have been many but once again the DIC and its employees have risen to the occasion, built on a clear awareness of the vision and mission of the Corporation in contributing to financial stability in Trinidad and Tobago. For this, on behalf of the Board of Management, I offer my sincerest appreciation.

Dr. Alvin Hilaire

Chairman

1 The International Association of Deposit Insurers (IADI) was formed in May 2002 to enhance the effectiveness of deposit insurance systems by promoting guidance and international cooperation. IADI currently represents 92 deposit insurers. IADI is a non-profit organisation constituted under Swiss Law and is domiciled at the Bank for International Settlements in Basel, Switzerland. https://www.iadi.org/en/

2 SWAIT Finance Limited, Commercial Finance Company Limited, Caribbean Mortgage and Funds Limited, Principal Finance Company, Trade Confirmers Limited.

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PUBLIC POLICY OBJECTIVES

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

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

Dated this 27th day of June, 2019.

Michelle Rolingson-Pierre

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

BDO
CIC Building
122-124 Frederick Street
Port of Spain

MEMBER INSTITUTIONS

(AS AT SEPTEMBER 30 2020)

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

First Caribbean International Bank (Trinidad and Tobago) Limited

First Citizens Bank Limited

First Citizens Depository Services Limited

First Citizens Trustee Services Limited

Guardian Group Trust Limited

JMMB Bank (Trinidad and Tobago) Limited

JMMB Express Finance (Trinidad and Tobago) Limited

Island Finance Trinidad and Tobago Limited

Massy Finance GFC Limited

NCB 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

BOARD MEMBERS

DEPOSIT INSURANCE CORPORATION (DIC) 2020

DR. ALVIN HILAIRE

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.

DEXTER JAGGERNAUTH

Deeply versed in financial and economic analysis, Mr. Dexter Jaggernauth is the Programme Manager, Strategic Management and Execution Office, Ministry of Finance, providing support for initiatives including the implementation of Property Tax, activities related to the creation of the Trinidad and Tobago Revenue Authority and formulation of the National Budget.

Previous to this he worked with the Caribbean Development Bank (CDB) in Barbados as Project Operations Analyst, assessing and supervising institutional aspects of economic infrastructure projects in Caribbean member countries.

As a Trinidad and Tobago representative in the World Bank's Voice Secondment Program, Mr. Jaggernauth worked in the World Bank's Financial Management Unit, where he assisted in improving audit controls for World Bank projects including Electricity and Water Projects across Sub Sahara Africa as part of the overall Governance and Anti-corruption Agenda.

He has also participated at the IMF in Financial Programming and Policy, including analysis of Real, Monetary, Fiscal and External Sectors of a country entering financial crisis, developing strategies to reverse the effect of the crisis.

Mr. Jaggernauth holds a B.Sc. in Economics (Upper Second Class Honours) from the University of the West Indies and a Masters of Business Administration from Edinburgh Business School, U.K. He is a Chartered Certified Accountant by profession and a Fellow of the Association of Chartered Certified Accountants (FCCA), U.K.

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

BOARD MEMBERS (continued)

NNIKA WATSON

An experienced Attorney-at-Law, Nnika Eshe Watson has practiced in the areas of Public Law, Public Policy Development, Commercial and Company Law, Civil Litigation, Industrial Relations and Employment Law, Energy Law, Family Law, Child Protection Law and Criminal Justice Reform.

Ms. Watson is currently the Senior Legal Officer in the Office of the Treasury Solicitor, in which capacity she represents the Ministry of Finance in court and before other tribunals, in addition to advising the Ministry on complex legal matters. She is a Member of the Committee to Oversee the Implementation of the Public Procurement and Disposal of Public Property Act, 2015.

Ms. Watson began her legal career with Marie De Vere Chambers, following which she held the positions of State Counsel II, Ministry of Energy and Energy Affairs; State Counsel II, Ministry of Planning and the Economy; and then Legal Officer II with the Ministry of Justice. Previous to her current position, Ms. Watson worked as Senior Legal Associate with the Children's Authority of Trinidad and Tobago providing legal advice and guidance to the Authority's management on matters relating to children in need of care and protection.

Ms. Watson holds a Bachelor of Laws (Honours, Upper Second Division) from the University of the West Indies, Cavehill, Barbados and a Legal Education Certificate (Honours) from Hugh Wooding Law School. She was admitted to the Trinidad and Tobago Bar in 2007 and then to the Saint Lucia Bar in 2010.

Ms. Watson has served on the Legal Teams for Counsel for the Commission of Enquiry into the Construction Sector, St. Lucia (2009) and the Tribunal under Section 137 of the Constitution of Trinidad and Tobago to investigate the conduct of the Honourable Chief Justice (2007).

KENDALL CUFFY

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

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

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

HAYDEN MANZANO

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 the adherence of 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.

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THE DIC TEAM

DEPOSIT INSURANCE CORPORATION (DIC) 2020

MANAGEMENT

From Left to Right: Nicole Fusco – Legal Counsel/Corporate Secretary, **Stanley Gomes** – Head, Corporate Services & Finance, **Michelle Rolingson-Pierre** – General Manager, **Derek Douglass** – Advisor, Strategic Planning, Corporate Governance & Controls, **Noel Nunes** – Senior Insurance & Planning Officer, **Ria Badree** – Human Resource Officer, **Candice Chariandy** – Senior Internal Auditor

THE DIC TEAM (continued)

STAFF

Back Row From Left to Right: Jennifer Singh-Paulson – Administrative Assistant, **Riad Mohammed** – Research/Database Assistant, **Kavita Parag** – Receptionist/Administrative Assistant, **Shobhanna Ramsundar** – Legal Counsel, **Nisha Latchman** – Risk Analyst, **Nisha Maraj** – Accountant,

Front Row From Left to Right: Crystal-Ann Graham – Liquidations Assistant, **Eon Crichlow** – Network & Systems Specialist **Allison Field** – Assistant Accountant

Absent from photo shoot:

Dixie-Ann Thom
Communications Technician

Christine Baksh
Executive Secretary

Onifa Olúségun-Murray
Hospitality Attendant

Jacqueline Davis-Mc Kree
Accounting Assistant

Maurice Duprey
Office Assistant/ Courier

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

Statement of Financial Position	Sept 30, 2020 $M	Sept 30, 2019 $M	Sept 30, 2018 $M	Sept 30, 2017 $M	Sept 30, 2016 $M
Total Assets	3,846.45	3,571.67	3,315.38	3,055.56	2,816.30
	7.69%	7.73%	8.50%	8.50%	8.67%
Deposit Insurance Fund	3,847.98	3,563.70	3,302.70	3,049.41	2,810.51
	7.98%	7.90%	8.31%	8.50%	8.60%
Investment Portfolio	3,772.41	3,499.01	3,190.91	2,879.54	2,697.20
	7.81%	9.68%	10.81%	6.76%	10.62%

Statement of Net Income and Deposit Insurance Fund for the Year Ended	Sept 30, 2020 $M	Sept 30, 2019 $M	Sept 30, 2018 $M	Sept 30, 2017 $M	Sept 30, 2016 $M
Net Income	283.90	261.00	253.29	238.89	222.67
	8.77%	3.04%	6.03%	7.28%	3.92%
Interest Earned	128.61	108.18	97.67	87.50	73.34
	18.89%	10.76%	11.62%	19.31%	0.39%
Premium Income	168.45	163.60	163.06	164.37	159.71
	2.96%	0.33%	-0.80%	2.92%	3.62%
Expenses	13.43	14.12	12.86	15.00	12.65
	-4.89%	9.80%	-14.27%	18.58%	-3.37%

Note: **Percentage changes from the previous year are indicated in green for increases and red for decreases.**
Interest earned is based on the effective interest and not the coupon interest.[1]

[1] All dollar values in this section are in Trinidad and Tobago dollars

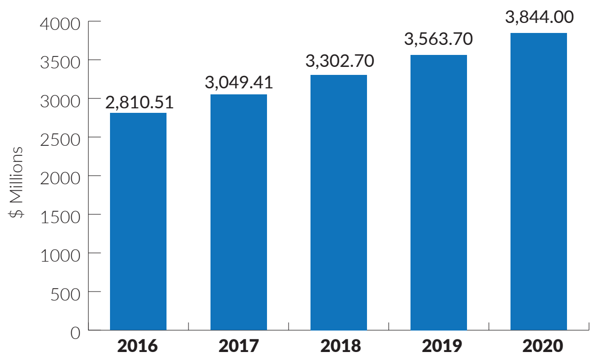
MANAGEMENT DISCUSSION AND ANALYSIS

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 30, 2020 was $3,847.98 million, an increase of 7.98 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.

Deposit Insurance Fund



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

Net Income, which represents total income less operating expenses, for the financial year ended September 30, 2020 totalled $283.90 million, compared to $261.00 million year-on-year. This represented an increase of $22.90 million or 8.77 per cent more than the amount recorded for the 2019 financial year.

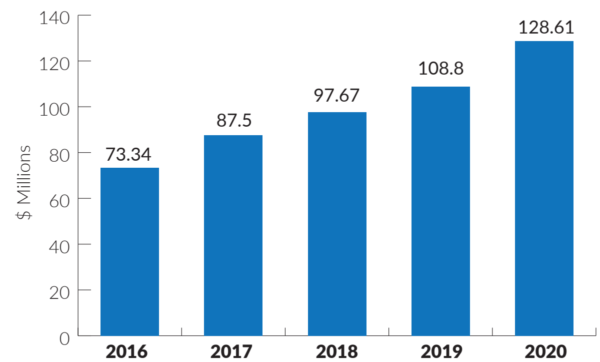
Total Income realised over the period amounted to $297.33 million, an increase of $22.21 million over the previous year. The *Total Expenses* used to manage the Fund amounted to $13.43 million, compared to $14.12 million in FY 2019.

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

Interest Income

Interest or investment income is generated from the Corporation's investment activities. During FY 2020, the portfolio earned $128.61 million compared to $108.18 million one year prior. Over the reporting period, market rates decreased slightly when compared to the previous year. The average yield on short-term securities stood at 2.05 per cent at the end of the financial year. In relation to long-term securities, the average yield was 4.23 per cent. Overall, the average yield on the investment portfolio for FY 2020 was 3.61 per cent, compared to 3.84 per cent as at the previous financial year end. Chart II below illustrates the interest earned over the past five years.

Interest Income



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

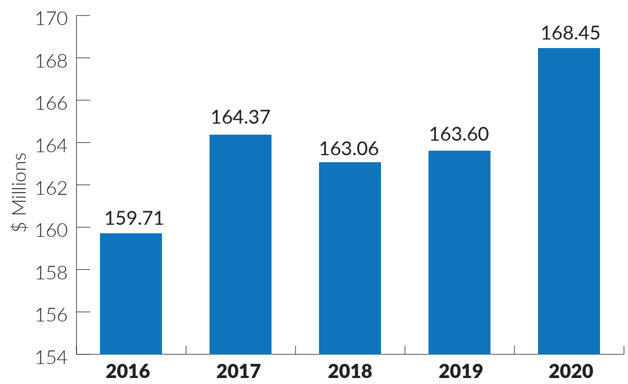
Annual Premiums

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

Annual premiums were levied and collected from twenty-four (24) member institutions for the financial year ended September 30, 2020, amounting to $168.45 million; an increase of 2.96 per cent compared with $163.60 million collected in 2019. Chart III below illustrates the movement in annual premiums over the past five years.

MANAGEMENT DISCUSSION AND ANALYSIS

Premiums Received



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

The increase in annual premiums of $4.85 million between 2019 and 2020 was as a result of a 4.22 per cent increase in deposit liabilities of member institutions between the calendar years 2018 and 2019. (Annual premiums are computed for a calendar year by applying a fixed rate to the quarterly average of the prior calendar year's aggregate deposit liabilities of each member institution). There were neither additions nor revocations to the Fund's membership over the reporting period and as such, the total number stood at twenty-four (24) member institutions as at September 30, 2020.

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 by 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 (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.

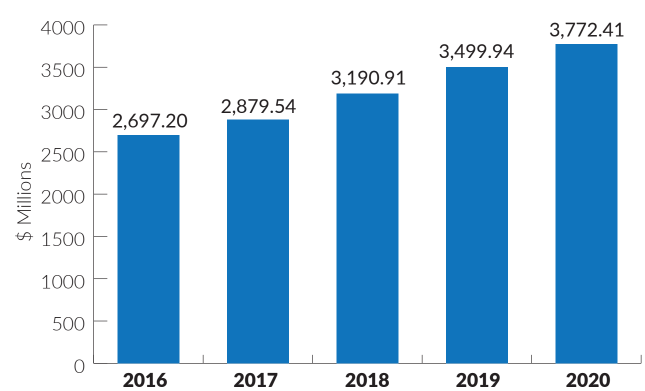
The ***approved investment categories*** are as follows:

- 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, 2020 was $3,772.41 million; an increase of $273.40 million or 7.81 per cent year-on-year. Chart IV below illustrates the growth of the investment portfolio over the past five years.

Investment Portfolio



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

MANAGEMENT DISCUSSION AND ANALYSIS

The mix of the investment portfolio as at September 30, 2020 and 2019 respectively was as follows:

Investment Category[2]	% of Portfolio as at September 30, 2020	% of Portfolio as at September 30, 2019
Deposits and MMFs	4.20%	0.13%
Corporate Securities	3.53%	3.13%
Government Securities	91.92%	95.84%
Equities	0.35%	0.90%

The average yield on the portfolio decreased during the financial year; 3.61 per cent as at September 30, 2020 compared to 3.84 per cent one year prior. This decrease in yields was experienced in the Government Securities category of investments and was a reflection of investments during the financial year.

Deposits

Within the financial year, Deposit balances increased by $154 million. The balance of Deposits as at September 30, 2020 was $158.59 million, compared to $4.59 million as at September 30, 2019. Deposits represented 4.20 per cent of the investment portfolio as at September 30, 2020.

Corporate Securities

As at September 30, 2020, Corporate Securities stood at $133.10 million, compared to $109.48 million one year prior; representing an increase of $23.62 million. The average yield on Corporate Securities increased to 4.72 per cent in FY 2020, from 4.31 per cent one year prior. Corporate Securities represented 3.53 per cent of the investment portfolio as at FY-end 2020.

Government Securities

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

Treasury Bills

As at September 30, 2020, Treasury Bills stood at $606.96 million compared to $557.38 million one year prior; representing an increase of $49.58 million. The average yield on Treasury Bills decreased to 2.05 per cent as at September 30, 2020, from 2.40 per cent one year prior. Treasury Bills represented 16.09 per cent of the investment portfolio as at FY-end 2020.

Treasury Notes

As at September 30, 2020 holdings of Treasury Notes stood at $147.16 million; down from $147.54 million the previous FY. The average yield on Treasury Notes as at September 30, 2020 was 3.13 per cent; up from 3.12 per cent one year prior. Treasury Notes represented 3.90 per cent of the portfolio as at FY-end 2020.

Government Bonds - Local

Holdings of Government Bonds - Local increased over the FY 2020 to $1,766.91 million; up from $1,694.06 million one year prior; an increase by $72.85 million. The average yield on Government Bonds - Local decreased to 4.00 per cent; down from 4.15 per cent year-on-year. As at the end of the financial year 2020, Government Bonds - Local represented 46.84 per cent of the portfolio, compared to 48.40 per cent as at FY-end 2019.

Government Bonds – State Enterprise

Holdings of Government Bonds – State Enterprise decreased over the period to $946.63 million as at September 30, 2020; down from $955.27 million one year prior; a decrease of $8.64 million. The average yield on Government Bonds – State Enterprise increased to 4.45 per cent; up from 4.34 per cent year-on-year. As at the end of the financial year 2020, Government Bonds – State Enterprise represented 25.09 per cent of the portfolio, compared to 27.29 per cent as at September 30, 2019.

Equities

As at September 30, 2020 the total holding of TTNGL shares was 0.83 million shares at a fair market value of $13.05 million. The total holding of TTNGL shares as at September 30, 2019 was 1.25 million shares at a fair market value of $31.63 million. FY-end 2020.

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

Of the nine liquidations, to date, three (3) of the liquidations have been completed, while six (6) institutions remained under the Corporation's purview. The process of winding up five (5) of the six (6) companies in liquidation commenced within the financial period.

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

INTERNATIONAL OUTREACH

INTERNATIONAL ASSOCIATION OF DEPOSIT INSURERS

During FY 2019-2020 the DIC continued its contribution to the governance of the International Association of Deposit Insurers (IADI). In this regard the General Manager, Mrs. Michelle Rolingson-Pierre, holds the position of Regionally Reserved Executive Council Member for the Caribbean Region, and therefore represented the Region's views and perspectives at the Executive Council (EXCO). Consequently, the DIC participated in five (5) EXCO meetings during the period. Due to the outbreak of the COVID-19 pandemic, three (3) of these meetings were held in virtual format.

A key IADI focus in 2020 was the formation of the Strategic Planning Working Group (SPWG) to develop and recommend (to the EXCO) Strategic Goals, activities and deliverables for IADI's next strategic planning cycle 2022-2026. A Fee Subgroup was also formed to research and make recommendation to the SPWG on an appropriate fee model. As a Council Member, the DIC contributed to the determination of the structure of the SPWG.

COUNCIL COMMITTEES

During FY 2019-2020 the DIC also maintained representation on the following Council Committees:

Audit and Risk Council Committee (ARCC)

The main objective of the ARCC is to monitor the financial reporting process and internal controls, including the risk management systems, in furtherance of IADI's objectives and financial operations. The DIC participated in the review of quarterly reports and budget updates and contributed to the assessment of the financial reporting process and the internal controls environment.

Training and Technical Assistance Council Committee (TTAC)

The TTAC focuses on supporting the implementation IADI's strategic goals:

- promoting deposit insurance system compliance with the Core Principles;
- advancing deposit insurance research and policy development; and
- providing Members with technical support to modernise and upgrade their systems.

As a member of TTAC, the DIC assisted in advancing the Committee's key objectives, which include

(i) Overseeing the development of high-quality training and conference programmes on effective deposit insurance systems and other issues relating to financial stability;

(ii) Promoting and facilitating the sharing and exchange of expertise among Members, Partners and Associates and disseminating information through training, development and educational programmes; and

(iii) Promoting the Association's recognition worldwide as an international standards setter on deposit insurance issues.

TECHNICAL COMMITTEE

The Capacity Building Technical Committee (CBTC) was created in February 2020 as a result of merging the previous Technical Assistance and Training and Conference Technical Committees (TATC and TCTC). As a member of the TCTC, the DIC indicated its willingness to continue as a member of the new CBTC, and therefore contributed to its focus on promoting the Core Principles; supporting the establishment or enhancement of effective deposit insurance systems using the Core Principles as guidance; supporting Members' self-assessment of compliance with the Core Principles; and promoting capacity building and technical assistance on deposit insurance.

A key focus in this period has been the creation of a structured expert training programme to support various IADI initiatives, such as the Self-Assessment Technical Assistance Program (SATAP), bilateral technical assistance, the International Monetary Fund (IMF)/World Bank Financial Sector Assessment Program (FSAP), and other international organisations' requests.

INTERNATIONAL OUTREACH (continued)

CARIBBEAN REGIONAL COMMITTEE (CRC)

The DIC continued to chair the CRC, keeping members apprised of key IADI issues such as the implementation and impact of the new fee structure, which was approved in October 2019 and implemented for IADI's FY 2020-2021. Regional members, including Bahamas, Barbados, British Virgin Islands, Jamaica, the Dutch Caribbean Netherlands, Belize and Trinidad and Tobago, continued to meet via teleconference to share updates and developments from their respective jurisdictions. In early 2020 the DIC signalled that with the expiration of the term of office of the current chair in May 2020, it was an opportunity for another member to assume the reins of the CRC chairmanship. Subsequently, the Jamaica Deposit Insurance Corporation was ratified in the position by the EXCO. Notwithstanding, the DIC intends to continue its active participation in the CRC.

OTHER OUTREACH INITIATIVES

Cooperation with other regional committees, namely the Latin America Regional Committee and the North America Regional Committee, escalated in early 2020 when the DIC obtained the approval of the Board of Management to host the Fifth Americas Deposit Insurance Forum in Port of Spain. However, with the onset of the COVID-19 pandemic and the widespread uncertainty arising from the decision of many countries to close their borders, the Forum was eventually cancelled.

Along with other CARICOM members, the DIC continued its contribution to and review of the Draft CARICOM Policy on Deposit Insurance for presentation to the Council for Finance and Planning (COFAP).

In June and July 2020 the DIC was asked by the World Bank Group to present to regional financial institutions and regulators at a Deposit Insurance Workshop hosted by the Eastern Caribbean Central Bank and the World Bank Group. The presentation focused on Trinidad and Tobago's experiences with deposit insurance.

COVID-19 PANDEMIC

A survey conducted across IADI members in March 2020 highlighted:

- Key industries such as travel, tourism and hospitality have been severely affected;
- Trade and supply chains have been disrupted;
- Major investments have been put on hold;
- Business and consumer spending have fallen sharply;
- The banking industry in many jurisdictions has been affected by heightened volatility in capital markets and trading environments, along with a deterioration in asset values and the credit worthiness of many borrowers.

The survey also identified measures introduced by Deposit Insurers (DIs) to address the pandemic crisis. Some of these are identified as follows:

Health controls - The main initiatives undertaken have been to ensure staff practice social distancing, follow advanced hygiene practices (e.g. use of face masks, hand washing, temperature taking etc.), shifting to split teams and remote work as much as possible with only critical staff working on-site.

Business Continuity - Many DIs have implemented their business continuity plans and crisis management frameworks to ensure key deposit insurance functions and operations are maintained, and to ensure that full system readiness is maintained.

Enhanced information sharing with other safety-net participants has been prioritised. The majority of DIs responding reported that the frequency of their meetings with other safety net partners has increased.

Public awareness - Greater efforts have been made to keep the public aware and informed about deposit insurance and the safety of their insured deposits. Many DIs have expanded their communication activities to enhance awareness of the benefits of deposit insurance through conventional tools such as websites and call centres. Social media communications (such as Facebook and Twitter) have become particularly prevalent in some jurisdictions as a means of calming concerned depositors during the COVID-19 crisis.

Heightened monitoring - For those DIs with risk monitoring functions, some have heightened their monitoring of member institutions including updating and revising periodic risk assessments. Particular attention is being paid to monitoring liquidity conditions.

Readiness - Depositor reimbursement and resolution readiness has been prioritised. Many DIs are reviewing their own policies and procedures and other systems to ensure rapid payouts. A number of DIs have also enhanced or altered their contingency plans to ensure successful payouts can be conducted in an environment of curfews or lock downs.

Fund Management - DI fund investment policies may change to reflect experiences with the crisis. Some DIs reported that they are conducting more thorough reviews of their investment counterparties or have adjusted their investment portfolios (e.g. curtailing transaction amounts and terms of maturity) as a result of the pandemic.

Other measures - Other DIs reported that they were enhancing their contingency planning to take into account more severe scenarios related to the crisis that could unfold and looking at a range of possible responses.

In managing the crisis, the DIC adopted many similar measures, including the early introduction of health controls and the activation of the contingency plan.. Additionally, the DIC's engagement with other safety net participants in the formation of the National Crisis Management Framework, facilitated enhanced information sharing. Prior to the pandemic, the DIC had commenced crisis management testing with member institutions to ensure readiness to conduct payout, and testing has continued notwithstanding the pandemic-imposed restrictions.

October 2020

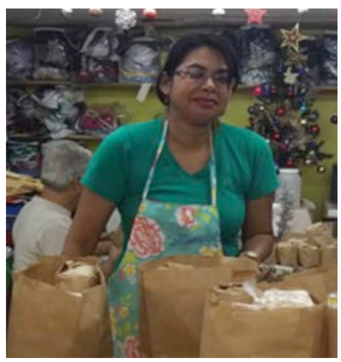
COMMUNITY OUTREACH

TEAM BUILDING ACTIVITIES 2019/2020

DURING THE FISCAL PERIOD, THE DIC CONTINUED IN ITS EFFORTS TO ENGAGE ITS STAFF IN BOTH COMMUNITY OUTREACH ACTIVITIES AND TEAM-BUILDING EVENTS.

Following the announcement made by the World Health Organization in March, 2020 that the spread of the coronavirus (COVID-19) was deemed a pandemic, the DIC curtailed its social activities accordingly.

Community Outreach - November, 2019



In November 2019, the DIC, once again, partnered with the Living Water Community located at Duncan Street, Port of Spain and volunteered its services to help prepare hampers with food items and toiletries for distribution to those in need.

Staff volunteered their services to package the goods to be placed in the hampers.

The Living Water Community has been in existence since 1975 and amongst other things, provides basic essentials and food items to those in need in the country.

Community Outreach – December, 2019

In December 2019, staff did their part to help make a big difference in the lives of children battling cancer by donating toys to the Trinidad and Tobago Cancer Society.

This initiative sought to bring big smiles to sick children at a time when they needed it most.

Each toy donated was beautifully wrapped and labelled whether it was for a boy or girl and the age group of the child.

The Holiday Season can be a difficult time for an ailing child and receiving a gift can make all the difference in the world.

Team-Building Activities

Since 2017 we have implemented team-building activities, which have built a spirit of togetherness within the DIC team and make a positive impact on our community. Earlier in the year we participated in a Scavenger hunt in the Botanical Gardens. As we worked from home during the pandemic, we introduced virtual activities to connect and support each other.

Team-Building – February, 2020

February 20, 2020 was filled with excitement, fun and enthusiasm as staff wore brightly-coloured wigs in keeping with the vibrance of the Carnival Season and set out to Botanical Gardens, Port of Spain to participate in its team-building event.

The team-building activity involved participation in a scavenger hunt that required team members to solve an array of clues based on historical landmarks, iconic attractions and other unique sites around the Queen's Park Savannah and environs.

Competitive instinct drove the desire to win the coveted first prize. Needless to say, there was only one winning team and all participants received specially made DIC medals.

The outing was facilitated by the provider, RoadTripTT, an Adventure, Outdoor and Travel company based in Trinidad and Tobago that specialises in the hosting of eco and cultural tours and team-building activities.

The fun-filled day concluded with lunch and other light refreshments and reminiscence of the day's activities.

Team-Building – April 2020

The DIC chose to address the early pandemic stress by promoting staff engagement and commitment and connecting with staff virtually. Staff were challenged to either learn a new skill, complete an unfinished task or showcase their hidden talents. The results were phenomenal and included drawings, painting, refinishing furniture, cooking, baking, some of which are shown here

Participation in the virtual activity showed staff's resilience and adaptability in the midst of a crisis situation.

December, 2020

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DEPOSIT INSURANCE CORPORATION
TRINIDAD AND TOBAGO

FINANCIAL STATEMENTS 2020

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Deposit Insurance Corporation (the "Corporation") which comprise the statement of financial position as at September 30, 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements;
- Ensuring that the Corporation keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures the security of the Corporation's assets, detection/prevention of fraud, and the achievement of the Corporation's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

General Manager
December 10, 2020

Head of Corporate Services and Finance
December 10, 2020

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2nd Floor, CIC Building
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Trinidad and Tobago

INDEPENDENT AUDITORS' REPORT

To the Shareholder of
Deposit Insurance Corporation

Opinion

We have audited the financial statements of Deposit Insurance Corporation (the "Corporation"), which comprise the statement of financial position as at September 30, 2020, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at September 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO

December 10, 2020

Port of Spain,

Trinidad, West Indies

STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

	Notes	2020 $'000	2019 $'000
Assets			
Property and equipment	5	21,651	21,840
Intangible assets	5	211	215
Investments	6	3,658,361	3,537,367
Liquidation advances recoverable		13	18
Accounts receivable	7	693	1,076
Cash and cash equivalents	8	165,527	11,157
Total assets		**$3,846,456**	**$3,571,673**
Equity and liabilities			
Equity			
Stated capital	9	1,000	1,000
Revaluation (deficit)/reserve		(3,952)	5,736
Deposit Insurance Fund		3,847,978	3,563,691
Total equity		**3,845,026**	**3,570,427**
Liabilities			
Balance due to Central Bank	10	-	1
Accounts payable		1,430	1,245
Total liabilities		**1,430**	**1,246**
Total equity and liabilities		**$3,846,456**	**$3,571,673**

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

On December 10, 2020, the Board of Management of Deposit Insurance Corporation authorized these financial statements for issue.

Chairman

Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

	Notes	2020 $'000	2019 $'000
Income			
Interest income		128,606	108,181
Initial contributions and annual premia		168,450	163,604
Dividends		208	3,125
Liquidation/receivership fees		24	35
Other income		39	172
Total income		**297,327**	**275,117**
Expenses			
Staff costs	12	(8,598)	(8,272)
General and administrative	13	(3,915)	(4,851)
Depreciation and amortization		(917)	(999)
Total expenses		**(13,430)**	**(14,122)**
Net income		**283,897**	**260,995**
Other comprehensive (loss)/income			
Realized gain on sale of investment		390	-
Decrease in unrealized gain on investments		(9,688)	(4,725)
Total other comprehensive loss		**(9,298)**	**(4,725)**
Total comprehensive income for the year		**$274,599**	**$256,270**

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

STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

	State capital $'000	Revaluation reserve $'000	Deposit Insurance Fund $'000	Total equity $'000
Year ended September 30, 2020				
Balance as at October 1, 2019	1,000	5,736	3,563,691	3,570,427
Net income	-	-	283,897	283,897
Other comprehensive loss	-	(9,298)	-	(9,298)
Transfer to Deposit Insurance Fund		(390)	390	-
Balance as at September 30, 2020	**$1,000**	**$(3,952)**	**$3,847,978**	**$3,845,026**
Year ended September 30, 2019				
Balance as at October 1, 2018	1,000	10,461	3,302,696	3,314,157
Net income	-	-	260,995	260,995
Other comprehensive loss	-	(4,725)	-	(4,725)
Balance as at September 30, 2019	**$1,000**	**$5,736**	**$3,563,691**	**$3,570,427**

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

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

	2020 $'000	2019 $'000
Cash flows from operating activities		
Net income for the year	283,897	260,995
Adjustments for:		
Depreciation and amortisation	917	998
Loss/(gain) on disposal of property and equipment	3	(39)
Loss on write off of property and equipment	-	22
Interest income and dividends	(128,814)	(111,306)
Operating surplus before working capital changes	156,003	150,670
Decrease in liquidation advances recoverable	5	834
Decrease/(increase)in accounts receivable	383	(86)
Decrease in balance due to Central Bank	(1)	(2)
Increase accounts payable	185	24
Net cash generated by operating activities	**156,575**	**151,440**
Cash flows from investing activities		
Interest and dividends received	126,630	102,585
Proceeds from maturity of fixed deposits	-	5,153
Purchase of government treasury bills	(630,787)	(675,156)
Proceeds from maturity of government treasury bills	581,212	890,474
Purchase of government treasury notes	-	(127,552)
Proceeds from maturity of government treasury notes	-	515,561
Purchase of corporate bonds	(41,367)	-
Proceeds from maturity of corporate bonds	17,900	37,140
Purchase of government bonds – local	(860,646)	(1,134,868)
Proceeds from maturity of government bonds	796,306	180,297
Proceeds from sale of equity	9,274	-
Additions to property and equipment and intangible assets	(727)	(477)
Proceeds from disposal of property and equipment	-	58
Net cash used in investing activities	**(2,205)**	**(206,785)**
Net increase/(decrease) in cash and cash equivalents	154,370	(55,345)
Cash and cash equivalents as at beginning of year	11,157	66,502
Cash and cash equivalents as at end of year	**$165,527**	**$11,157**

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

1. Establishment and principal activities

The Deposit Insurance Corporation (the "Corporation") was established by the Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986 (Act No. 2 of 1986), which amended the Central Bank Act Chapter 79:02 (the "Act").

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

Section 44W of the Act authorizes 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. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Trinidad and Tobago dollars. These financial statements are prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(i) New and amended standards adopted by the Corporation

The Company adopted IFRS 16 with a transition date of October 1, 2019. There were no material changes to these financial statements resulting from the adoption of this new standard.

(ii) New standards, amendments and interpretations issued but not effective and not early adopted

There are no new standards, interpretations and amendments, which have not been applied in these financial statements.

Standards, amendments and interpretations to existing standards in issue but not yet effective are not considered to be relevant to the Corporation and have not been disclosed

(iii) Standards and amendments to published standards early adopted by the Corporation

The Corporation did not early adopt any new, revised or amended standards.

2.2 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

2.3 Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Significant accounting policies (continued)

2.4 Property and equipment

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. The method of depreciation on buildings is the straight-line method. Land is not depreciated.

The rates used are as follows:

	Rate	Method
Buildings	2%	Straight line
Buildings improvements	2%	Reducing balance
Motor vehicles	25%	Reducing balance
Furniture and fixtures	10%	Reducing balance
Office equipment	15%	Reducing balance
Computer equipment	25%	Reducing balance

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

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

Subsequent expenditure

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

Disposal

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

2.5 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 recognized as intangible assets in accordance with IAS 38 Intangible Assets. Costs associated with maintaining computer software programmes are recognized as expenses when incurred. Computer software costs recognized as assets are amortized over their estimated useful lives of four (4) years on a straight-line basis.

2.6 Financial instruments

(i) Financial assets

The Corporation classifies its financial assets based on the following business models:

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

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

- *Amortized cost*

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not recognised at fair value through profit and loss (FVPL) are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 2.6 (iii). Interest income from these financial assets is included in the statement of comprehensive income using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

(i) Financial assets (continued)

- *Fair value through other comprehensive income (FVOCI)*

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

a) The cash flow characteristics of the asset, and

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

Corporation's business model

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

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

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

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

Solely payments of principal and interest (SPPI)

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

Recognition/de-recognition of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

(ii) Impairment

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

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

(iii) Expected credit loss measurement

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

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

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

Change in credit quality since initial recognition

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

(iv) Significant increase in credit risk (SICR)

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

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

The Corporation has used the low credit risk exemption for all of its financial instruments as at the year ended September 30, 2020. The Corporation considers the following characteristics to be low credit risk:

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

(v) Definition of default and credit-impaired assets

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

Quantitative criteria

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

Qualitative criteria

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

- The borrower formally files for bankruptcy or there is a commencement of foreclosure proceedings.
- The obligation is classified as doubtful or worse as per the Corporation's classification process.
- A modification to the terms and conditions of the original agreement that would not normally be considered is executed
- Restructure proceedings or an indication of the intention to restructure is initiated by the issuer.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

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

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

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

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

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

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

The EAD is considered as follows:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

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

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

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

(viii) Financial liabilities

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

(ix) Determination of fair value

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

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

Indicators that a market is inactive are when there is a wide bid-offer spread or a significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques using input existing at year-end.

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

2.7 Impairment of non-financial assets

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

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

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

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

2.8 Other assets

Other assets are generally measured at amortised cost.

2.9 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

2. Significant accounting policies (continued)

2.10 Stated Capital

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

2.11 Provisions

Provisions are recognized 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 recognized 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.

2.12 Revenue recognition

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

(i) Premium income

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

(ii) Investment income

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

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

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

2.13 Levy of initial contributions

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

2.14 Expenses

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

2.15 Pensions

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

2.16 Exemption from the provisions for taxation and insurance legislation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

3. Critical accounting estimates and judgments

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 recognized in the profit or loss in the period in which the estimate is changed if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

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

(i) Whether leases are classified as operating leases or finance leases.

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

(iii) Whether the Deposit Insurance Fund is adequate to meet unexpected loss from non-viability or insolvency of a policyholder.

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

(i) Impairment of assets

Management assesses at each reporting date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of 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 capitalized assets.

(iii) Determining fair values using Valuation Techniques

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

4. Assets under administration

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

- Commercial Finance Corporation 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 Corporation 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, 2020. In relation to the table, the following points should be noted:

(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.

(B) Total realizations represent the amount received to date from the sale of liquidated assets.

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

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

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

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

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

		2020 $'000	2019 $'000
(A)	Total value of assets at closure of Financial Institutions	6,148,206	6,148,206
(B)	Total subsequent realisations	6,821,632	6,571,018
(C)	Total liabilities at closure of Financial Institutions	(12,072,221)	(12,072,221)
(D)	Total additional liabilities incurred	(2,600,747)	(2,595,544)
(E)	Total subsequent payments	10,399,739	9,914,810
(F)	**Outstanding liabilities at year end**	**$(4,273,229)**	**$(4,752,955)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

5. Property and equipment, and Intangible assets

	Land and buildings $'000	Building improvements $'000	Motor vehicles $'000	Furniture and fixtures $'000	Office equipment $'000	Computer equipment $'000	Work in progress $'000	Property and equipment $'000	Intangible assets $'000
For the year ended September 30, 2020									
Cost									
Balance as at October 1, 2019	15,859	4,585	754	1,222	2,301	1,563	-	26,284	5,971
Additions	-	170	-	26	99	66	265	626	101
Disposals	-	-	-	(7)	-	-	-	(7)	-
Balance as at September 30, 2020	**15,859**	**4,755**	**754**	**1,241**	**2,400**	**1,629**	**265**	**26,903**	**6,072**
Accumulated depreciation									
Balance as at October 1, 2019	(866)	(300)	(358)	(658)	(1,119)	(1,143)	-	(4,444)	(5,756)
Depreciation for the year	(173)	(96)	(99)	(57)	(192)	(195)	-	(812)	(105)
Disposals	-	-	-	4	-	-	-	4	-
Balance as at September 30, 20202	**(1,039)**	**(396)**	**(457)**	**(711)**	**(1,311)**	**(1,338)**	**-**	**(5,252)**	**(5,861)**
Net book value as at September 30, 2020	**$14,820**	**$4,359**	**$297**	**$530**	**$1,089**	**$291**	**$265**	**$21,651**	**$211**
For the year ended September 30, 2019									
Cost									
Balance as at October 1, 2018	15,859	4,585	743	1,217	2,373	1,381	-	26,158	5,954
Additions	-	-	240	5	33	182	-	460	17
Write off	-	-	-	-	(105)	-	-	(105)	-
Disposals	-	-	(229)	-	-	-	-	(229)	-
Cost as at September 30, 2019	**15,859**	**4,585**	**754**	**1,222**	**2,301**	**1,563**	**-**	**26,284**	**5,971**
Accumulated depreciation									
Balance as at October 1, 2018	(693)	(207)	(434)	(597)	(991)	(910)	-	(3,832)	(5,663)
Depreciation for the year	(173)	(93)	(134)	(61)	(211)	(233)	-	(905)	(93)
Write off	-	-	-	-	83	-	-	83	-
Disposals	-	-	210	-	-	-	-	210	-
Balance as at September 30, 2019	**(866)**	**(300)**	**(358)**	**(658)**	**(1,119)**	**(1,143)**	**-**	**(4,444)**	**(5,756)**
Net book value as at September 30, 2019	**$14,993**	**$4,285**	**$396**	**$564**	**$1,182**	**$420**	**-**	**$21,840**	**$215**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

6. Investments

	2020 $'000	2019 $'000
Amortized cost		
Current		
Government treasury bills	615,690	564,785
Government treasury notes	148,962	1,798
Government bonds	622,754	757,597
Corporate bonds	23,992	7,352
	1,411,398	1,331,532
Non-current		
Government treasury notes	-	147,538
Government bonds	2,122,470	1,922,687
Corporate bonds	111,440	103,985
	2,233,910	2,174,210
	3,645,308	3,505,742
Fair value through other comprehensive income		
Equities	13,053	31,625
	13,053	31,625
	$3,658,361	**$3,537,367**

7. Accounts receivable

	2020 $'000	2019 $'000
Prepayments	473	440
Loan receivable	210	278
Other receivables	10	358
	$693	**$1,076**

8. Cash and cash equivalents

	2020 $'000	2019 $'000
Cash held at the Central Bank of Trinidad and Tobago	160,131	5,581
Cash held at other financial institutions	5,390	5,552
Cash on hand	6	24
	$165,527	**$11,157**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

9. Stated capital

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

10. Related party balances

A party is related to the Corporation if:

(a) The party is an associate of the Corporation;

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

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

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

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

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

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

(a) Capital contribution

The paid-up capital has been contributed entirely by the Central Bank.

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

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

	2020 $'000	2019 $'000
Transactions with the Central Bank of Trinidad and Tobago		
Balance as at October 1, 2019	(1)	(3)
Personnel and administration expenses reimbursable to the Central Bank of Trinidad and Tobago	(5)	(6)
Reimbursements made by the Corporation	6	8
Balance as at September 30, 2020	**$-**	**$(1)**
Key management personnel compensation		
Short-term employee benefits	3,174	2,379
Post-employment benefits	121	143
	$3,295	**$2,522**

Investments held with the Government of Trinidad and Tobago are disclosed in Note 6. Also, cash held with the Central Bank of Trinidad and Tobago is disclosed in note 8.

11. Retirement benefit

The Corporation does not operate a pension plan, but a non-compulsory arrangement exists whereby the Corporation contributes 150% of an employee's contribution to an approved individual annuity or the Individual Retirement Unit Account of the Trinidad and Tobago Unit Trust Corporation up to a maximum of 10% of an employee's base salary. Costs incurred during the year ended September 30, 2020 were $319,937 (2019: $298,146).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

12. Staff costs

	2020 $'000	2019 $'000
Salaries and overtime	5,644	5,390
Staff allowances	1,397	1,278
Gratuity	389	402
Directors' fees	324	324
Pension contributions (Note 11)	320	298
National Insurance contributions	267	268
Staff benefits	95	156
Medical and workmen compensation insurance	162	156
	$8,598	**$8,272**
Number of employees	26	26

13. General and administrative expenses

	2020 $'000	2019 $'000
Information technology	661	694
Security services	683	655
Repairs and maintenance	501	626
Professional fees	466	688
Broker fees	264	-
Janitorial services	255	252
Utilities	192	203
Training and education	160	273
International Association of Deposit Insurers membership fees	131	121
Conferences and official visits	122	544
Public relations and advertising	124	317
Telecommunications	114	138
Printing and stationery	93	86
Property services	53	56
Motor vehicle repairs and maintenance	36	58
Archiving	22	20
Equipment rental	15	46
Miscellaneous	8	15
Library services	6	6
Meeting expenses	6	31
Loss on disposal of property and equipment	3	22
	$3,915	**$4,851**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

14. 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.

(ii) Interest rate sensitivity gap

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

	Effective rate %	Up to one year $'000	Two to five years $'000	Over five years $'000	Non-interest bearing $'000	Total $'000
Year ended September 30, 2020						
Financial assets						
Investments	1.06-12.25	1,411,397	1,074,719	1,159,192	13,053	3,658,361
Liquidation advances recoverable		-	-	-	13	13
Other financial assets		-	-	-	220	220
Cash and cash equivalents	0-2.5	165,521	-	-	-	165,521
		1,576,918	1,074,719	1,159,192	13,286	3,824,115
Financial liabilities						
Other financial liabilities		-	-	-	1,430	1,430
Net gap		**$1,576,918**	**$1,074,719**	**$1,159,192**	**$11,856**	**$3,822,685**
Cumulative gap		**$1,576,918**	**$2,651,637**	**$3,810,829**	**$3,822,685**	**$-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

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14. Financial risk management (continued)

Financial risk factors (continued)

(a) Interest rate risk (continued)

(ii) Interest rate sensitivity gap (continued)

	Effective rate %	Up to one year $'000	Two to five years $'000	Over five years $'000	Non-interest bearing $'000	Total $'000
Year ended September 30, 2019						
Financial assets						
Investments	1.06-12.25	1,331,532	740,598	1,433,612	31,625	3,537,367
Liquidation advances recoverable		-	-	-	18	18
Other financial assets		-	-	-	636	636
Cash and cash equivalents	0-2.5	11,133	-	-	-	11,133
		1,342,665	740,598	1,433,612	32,279	3,549,154
Financial liabilities						
Other financial liabilities		-	-	-	1,246	1,246
Net gap		**$1,342,665**	**$740,598**	**$1,433,612**	**$31,033**	**$3,547,908**
Cumulative gap		**$1,342,665**	**$2,083,263**	**$3,516,875**	**$3,547,908**	**$-**

The Corporation is not subject to significant interest rate changes as interest rates are fixed on investments at amortised cost. Therefore, changes in interest rates will not have a significant impact on the Corporation.

(b) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

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

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

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

(c) Liquidity risk

Liquidity risk is the risk that 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 may be the failure to meet obligations to fulfil 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 minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

14. Financial risk management (continued)

Financial risk factors (continued)

(d) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized 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:

	2020 $'000	2019 $'000
United States Dollars	$934	$1,180

(e) Price risk

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

(f) Operational risk

Operational risk is the risk derived from deficiencies relating to the Corporation's information technology and control systems, as well as the risk of human error and natural disasters. The Corporation's systems are evaluated, maintained and upgraded continuously. Supervisory controls are also installed to minimize 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 stated capital and the Deposit Insurance Fund (DIF). The Corporation is not subject to externally imposed capital requirements, and there were no changes in what the Corporation considers as capital, and management of capital was performed on a basis consistent with that of prior years. The key mechanisms used to manage the level of capital are premium assessments and borrowings, if necessary.

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

As at September 30, 2020, there were 24-member institutions with total eligible deposits estimated at $92 billion (2019: $82 billion), of which the Corporation covered at a flat rate of 0.2% (2019: 0.2%). The adequacy of the DIF will be based primarily on the assessed risk posed by Policyholders. In relation to its insurance obligations, the Corporation's main exposure is to unexpected loss from the non-viability or insolvency of a Policyholder that is not readily estimated due to the unavailability of data on specific loss experience.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

15. 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 2.6 (ix).

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

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

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

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

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

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

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at September 30, 2020				
Investments – equities	$13,053	-	-	$13,053
As at September 30, 2019				
Investments – equities	$31,625	-	-	$31,625

The following financial instruments were not measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value $'000	Carrying amount $'000
As at September 30, 2020					
Investments at amortised cost	$-	$3,667,079	$-	$3,667,079	$3,645,308
As at September 30, 2019					
Investments at amortised cost	$-	$3,542,090	$-	$3,542,090	$3,505,742

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended September 30, 2020

(Expressed in Trinidad and Tobago Dollars)

16. Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and the categories of financial instruments

	Fair value through other comprehensive income $'000	Amortised cost $'000	Total $'000
Year ended September 30, 2020			
Assets			
Investments	13,053	3,645,308	3,658,361
Liquidation advances recoverable	-	13	13
Accounts receivable	-	220	220
Cash and cash equivalents	-	165,521	165,521
Total financial assets	**$13,053**	**$3,811,062**	**$3,824,115**
Liabilities			
Accounts payable	-	1,430	1,430
Total financial liabilities	-	1,430	1,430
Year ended September 30, 2019			
Assets			
Investments	31,625	3,505,742	3,537,367
Liquidation advances recoverable	-	18	18
Accounts receivable	-	636	636
Cash and cash equivalents	-	11,157	11,157
Total financial assets	**$31,625**	**$3,517,553**	**$3,549,178**
Liabilities			
Balance due to Central Bank		1	1
Accounts payable	-	1,245	1,245
Total financial liabilities	**-**	**$1,246**	**$1,246**

17. Subsequent events

Management has evaluated the possibility of subsequent events existing in the Corporation's financial statements from October 1, 2020 through December 10, 2020, the date the financial statements were available to be issued. Management has determined that there are no material events that would require adjustment or disclosure in the Corporation's financial statement.

The 2019 Novel Coronavirus infection ("coronavirus") or "COVID-19" outbreak poses a serious public health threat. It has interrupted the movement of people and goods throughout the world; many levels of government are instituting restrictions on individuals and businesses.

COVID-19 did not have a significant impact on the operations of the Corporation.

Design & Layout: Paria Publishing Co. Ltd.

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