



CENTRAL BANK OF
TRINIDAD & TOBAGO



ANNUAL REPORT 2019



The **primary** purpose of
the **Bank** is the promotion of
monetary, credit and exchange
conditions most **favourable** to the
development of the economy of
Trinidad and Tobago.



THE MANDATE

CENTRAL BANK ACT CHAPTER 79:02 Act 23 of 1964

The Central Bank of Trinidad and Tobago is a corporate body established by an Act of Parliament, the Central Bank Act, Chapter 79:02.

The primary mandate of the Central Bank is set out in Section 3 (3) of the Act:

3 (3) The Bank shall have as its purpose the promotion of such monetary, credit and exchange conditions as are most favourable to the development of the economy of Trinidad and Tobago, and shall, without prejudice to the other provisions of this Act: –

- (a) have the exclusive right to issue and redeem currency notes and coins in Trinidad and Tobago;
- (b) act as banker for, and render economic, financial and monetary advice to the Government;
- (c) maintain, influence and regulate the volume and conditions of supply of credit and currency in the best interest of the economic life of Trinidad and Tobago;
- (d) maintain monetary stability, control and protect the external value of the monetary unit, administer external monetary reserves, encourage expansion in the general level of production, trade and employment;
- (e) undertake continuously economic, financial and monetary research;
- (f) review-
 - (i) legislation affecting the financial system; and
 - (ii) developments in the field of banking and financial services, which appear to it to be relevant to the exercise of its powers and the discharge of its duties; and generally, have the powers and undertake the duties and responsibilities assigned to it by any other law.
- (g) generally have the powers and undertake the duties and responsibilities assigned to it by any other law.

LAWS OF TRINIDAD AND TOBAGO

INSURANCE ACT CHAPTER 84:01

From May 2004, the Central Bank was charged with the administration of the Insurance Act and the supervision of insurance registrants and pension plans.

FINANCIAL INSTITUTIONS ACT CHAPTER 79:09

The Central Bank also administers the Financial Institutions Act, under which banks and other financial institutions and payment systems are regulated.

The primary objective of the Central Bank is to maintain confidence in, and promote the soundness and stability of, the financial system in Trinidad and Tobago.

Other objectives of the Central Bank under this Act are to: –

- (a) promote the existence of efficient and fair banking and financial services markets;
- (b) supervise licensees to determine whether they are in sound financial condition; and
- (c) maintain an appropriate level of protection for depositors of licensees.

LETTER OF TRANSMITTAL



December 27, 2019

The Honourable Colm Imbert
Minister of Finance
Ministry of Finance
Eric Williams Finance Building
Independence Square
PORT OF SPAIN

CB-G-169/2019

Dear Minister Imbert

In accordance with Section 53(1) of the Central Bank Act Chapter 79:02, I enclose herewith the Report of the Central Bank of Trinidad and Tobago for the year ended September 30, 2019.

Alvin Hilaire
Governor

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PART 1



Dr. Alvin Hilaire
Governor, Chairman of the Board

Governor's Foreword

The financial year (FY) 2018/19 brought the Central Bank of Trinidad and Tobago (the Bank) into its 55th year of operation. While the Bank's mandate of executing monetary policy and maintaining financial stability remained the same from inception, the opportunities and challenges evolved significantly. The digitisation of the world's economy brings numerous benefits, but exposes financial institutions to additional risks which regulatory bodies, such as the Bank, must address. The growing use of renewable energy to address climate change challenges along with the 'new norm' of lower energy prices suggest the need for coordinated monetary, fiscal and structural policies to facilitate sustainable development of the domestic economy.

“*The Central Bank of Trinidad and Tobago is fortunate to have a committed and engaged staff...*”

On the international front, performance was subdued. Global economic activity slowed arising from escalating trade tensions, disinflationary pressures and weak investment and consumer demand. Amidst softening economic growth conditions and muted inflation, major central banks either lowered their policy interest rates or held them constant. Although not insulated from the slowdown internationally, Trinidad and Tobago benefitted from a reduction in US interest rates, narrowing the still negative TT/US interest rate differential. However, lower energy prices in this financial year coupled with production curtailments resulted in lower export earnings from the energy sector. Despite this, oil and gas inflows into the international reserves and Government energy revenues were higher than the previous period primarily owing to the one-off payment of back taxes from a tax amnesty.

While the economic contractions of the previous three years seemed to have been halted, the anticipated recovery in economic growth was much weaker than expected. Although output in the energy sector fell in the first three quarters of the financial year, preliminary estimates show some improvement in selected non-energy sub-sectors including finance and distribution. Restrained consumer demand and low international food prices have underpinned a trend of low and stable inflationary conditions throughout FY2018/19. These low inflationary conditions, alongside sluggish economic activity, continued declines in business credit and declining international interest rates, resulted in the Monetary Policy Committee holding the Repo rate at 5.00 per cent over the period. Also informing the Committee's decisions is the ongoing external imbalance reflected in a tight foreign exchange market and slipping international reserves.

At the end of this financial year, the Bank completed the third year of its Strategic Plan 2016/17-2020/21. Aligned to the strategic themes of monetary policy, financial stability and internal operations, most projects are well underway or substantially completed and attention is now focused on achieving outstanding commitments. New priorities emerged and were integrated into the plan. With respect to monetary operations, the new Portfolio Management System (PMS) has gone 'live' and all the Bank's foreign currency transactions are being conducted through the automated system. While not initially in the Strategic Plan, considerable work was done on the Caribbean Economic Research Team (CERT) project. This initiative is coordinated by the Central Bank of Trinidad and Tobago and pulls together research directors from Caribbean central banks to work on priority topics for the CARICOM Central Bank Governors. Two such topics addressed this year were digital payments and cyber risk in the Caribbean.

Following the passage of the Insurance Act in June 2018, the Bank continued to make significant progress on objectives related to financial stability including the sale by Colonial Life Insurance Company (CLICO) of their traditional portfolio to Sagicor; the implementation of Basel II/III, capital adequacy standards and the development of new insurance regulations and guidelines. Internally, major strides were made as it relates to the Bank's operations. The entire procurement process, inclusive of contract management, fixed asset management and financial authorisation functions was reviewed, and new policies and guidelines developed and submitted for Board approval. The staff remains the bedrock of the organisation and a comprehensive survey in November 2018 elicited important feedback on staff engagement. Practical action plans were developed and the implementation of these is to be tracked and reported semi-annually. Aspects already in train are a 'work from home' pilot project involving approximately 20 members of staff and emotional intelligence training for all members of staff including the

Bank's management team. Major strides continued to be made in improving the Bank's communications. The Central Bank Museum was re-opened in January 2019 and visitors are now greeted with a fresh and dynamic experience. A vibrant cross-departmental communications team finalised an approach to using social media and launched new Facebook and Instagram pages. Crisp and targeted messaging by the Office of the Financial Services Ombudsman (OFSO) has helped immensely in bringing financial literacy issues to the fore. In addition, the Bank was able to share its experiences on Financial Sector Resolution at the Central Bank of Curaçao's 3rd Conference on Central Banking and on Sovereign Wealth Funds at The Bank of Mozambique's Workshop on 'Preparing Mozambique for Natural Gas'.

The Central Bank of Trinidad and Tobago is fortunate to have a committed and engaged staff complement that made remarkable efforts to make these achievements. Such dedication originated from the creation of the Bank 55 years ago and continues to this day. This dedication will be required as the Bank progresses the Strategic Plan and faces the emerging trends affecting the international, regional and domestic economic and financial landscape. Evolving technologies, greater expectations by the public for improved transparency, the increasing dynamism of financial institutions and the ongoing terms-of-trade shock in the domestic economy are all challenges the Bank will continue to face. Continued communication, collaboration and commitment will be the key to future success.




Chairman of the Board
Dr. Alvin Hilaire



LEADERSHIP AND
ORGANISATIONAL STRUCTURE

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS



Dr. Alvin Hilaire
Governor



Dr. Sandra Sookram
Deputy Governor


NON-EXECUTIVE DIRECTORS



Prof. Surendra Arjoon
Period of Appointment:
Feb. 18, 2019 -
Feb. 17, 2022




Mr. Vishnu Dhanpaul
Period of Appointment:
Mar. 13, 2017 -
Mar. 12, 2020




Mr. Richard Duncan
Period of Appointment:
Feb. 18, 2019 -
Feb. 17, 2022




Ms. Lorraine Ferguson
Period of Appointment:
Feb. 18, 2019 -
Feb. 17, 2022




Mr. Kern Gardiner
Period of Appointment:
Feb. 18, 2019 -
Feb. 17, 2022



Mr. Kirk Henry
Period of Appointment:
Feb. 18, 2019 -
Feb. 17, 2022



Mr. Lancelot Jack
Period of Appointment:
Feb. 18, 2019 -
Feb. 17, 2022



Mr. Terrence Walker
Period of Appointment:
Feb. 18, 2019 -
Feb. 17, 2022

Board Governance

The Bank's Governance structure is set out in the Central Bank Act, Chap 79:02. Section 5 states that the Bank shall be managed by a Board of Directors comprised of a Governor (as Chairman), not more than two Deputy Governors and not less than six other Directors, two of whom may be Public Service Directors. Pursuant to section 10(1), the Governor, as Chief Executive Officer of the Bank, is entrusted with the day-to-day management, administration, direction and control of the business of the Bank.

The Governor serves for a term of five years, the Deputy Governor for a specified term and the other Board members are appointed for a three-year term. There were changes to the composition of the Board during the FY2018/19 as follows:

- o The terms of the following five Directors expired on February 3, 2019: Prof. Surendra Arjoon; Mr. Richard Duncan; Mr. Lancelot Jack; Ms. Vyjanti Beharry; and Ms. Luana Boyack.
- o The following Directors were appointed on February 18, 2019 for a term of three years: Prof. Surendra Arjoon; Mr. Richard Duncan; Mr. Lancelot Jack; Mr. Terrence Walker; Ms. Lorraine Ferguson; Mr. Kern Gardiner; and Mr. Kirk Henry.

Section 15(2) specifies that "the Board shall meet for the transaction of the business of the Bank as may be necessary or expedient, but at least once in every two months and not less than nine times in any calendar year", with a quorum consisting of the Chairman of the Board and three other members.

Although Board Meetings are held in a calendar year, the dates of the Meetings of the Board for the financial year (October 1, 2018 – September 30, 2019) are set out in **Table 1**. For the FY2018/19, the Board held a total of ten Board Meetings and one Special Board Meeting.

Table 1 – Board Meetings for Financial Year 2018/19

DIRECTORS	2018			2019							
	Oct 26	Nov 23	Dec 14	Jan 25	Mar 08	Apr 05	May 24	Jun 28	Jul 26	Sep 27	Special Sep 27
Dr. Alvin Hilaire (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Sandra Sookram (Deputy Governor)	Abs	✓	✓	✓	✓	✓	✓	✓	Abs	✓	✓
Prof. Surendra Arjoon** (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Vyjanti Beharry (Non-Executive Director)	✓	Abs*	Abs*	✓	T/E 3.02.19	-	-	-	-	-	-
Ms. Luana Boyack (Non-Executive Director)	✓	Abs	Abs*	✓	T/E 3.02.19	-	-	-	-	-	-
Mr. Richard Duncan** (Non-Executive Director)	Abs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Lancelot Jack** (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Vishnu Dhanpaul (Public Service Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Lorraine Ferguson (Non-Executive Director)	-	-	-	App. 18.02.19	Abs	✓	✓	✓	✓	✓	✓
Mr. Kern Gardiner (Non-Executive Director)	-	-	-	App. 18.02.19	✓	✓	✓	✓	✓	✓	✓
Mr. Kirk Henry (Non-Executive Director)	-	-	-	App. 18.02.19	✓	✓	Abs	✓	✓	✓	✓
Mr. Terrence Walker (Non-Executive Director)	-	-	-	App. 18.02.19	✓	✓	✓	✓	✓	✓	✓

Source: Central Bank of Trinidad and Tobago.

✓	Present	*	Absent with leave of the Board
Abs	Absent	**	Term expired 03.02.19 and re-appointed on 18.02.19



Meeting of the Board of Directors

The Board has appointed three Committees to assist with the discharge of its functions - the Audit Committee, the Human Resource Committee and the Information Technology Committee. Each Committee comprises only Non-Executive Directors and is governed by a charter. The membership of these Committees is contained in **Tables 2 and 3**.

Table 2 – Board Committees (October 2018 – February 2019)

Committee	Members
Audit Committee	Mr. Richard Duncan (Chair), Ms. Vyjanti Beharry, Prof. Surendra Arjoon
Human Resource Committee	Prof. Surendra Arjoon (Chair), Ms. Vyjanti Beharry, Mr. Lancelot Jack
Information Technology Committee	Mr. Lancelot Jack (Chair), Ms. Luana Boyack, Mr. Vishnu Dhanpaul

Source: Central Bank of Trinidad and Tobago.

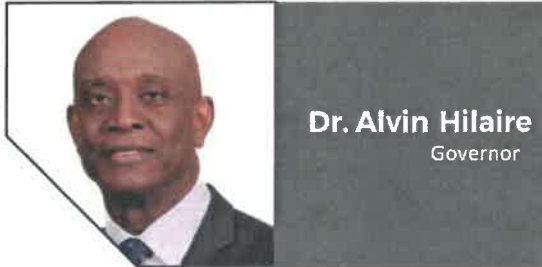
Table 3 – Board Committees (March 2019 – September 2019)

Committee	Members
Audit Committee	Mr. Richard Duncan (Chair), Prof. Surendra Arjoon, Ms. Lorraine Ferguson, Mr. Kern Gardiner
Human Resource Committee	Prof. Surendra Arjoon (Chair), Mr. Lancelot Jack, Mr. Vishnu Dhanpaul, Mr. Terrence Walker
Information Technology Committee	Mr. Kirk Henry (Chair), Mr. Lancelot Jack, Ms. Lorraine Ferguson

Source: Central Bank of Trinidad and Tobago.

SENIOR MANAGEMENT

EXECUTIVES



SENIOR MANAGERS



SENIOR MANAGEMENT

SENIOR MANAGERS



Mrs. Nicole Crooks
Senior Manager,
Human Resources,
Industrial and External
Relations



Mr. Neil Dingwall
Special Advisor to the
Governor



Mrs. Michelle Francis-Pantor
Deputy Inspector,
Banks, Non-Banks and
Payment Systems
Oversight



Mr. Alister Noel
Senior Manager,
Operations

MANAGEMENT

MANAGERS



Mr. Kendall Cuffy
Manager,
Banks and Non-Banks



Ms. Wendy D'Arbasie
Manager,
Reserves and
Domestic Market
Management



Ms. Louella-Anne Edwards
Manager,
Information
Technology Services



Mr. John Griffith
Manager,
Risk Management and
IT Governance



Mr. Vaughn Halliday
Manager,
Support Services
– Facilities



Mrs. Angela Henry-Small
Manager,
Information Services
– Statistics



Mrs. Heather Huggins
Manager,
Human Resources



Mr. Naveen Lalla
Manager,
Pensions and
Intermediaries



Ms. Nadira Rahamatula-Rajack
Manager,
Anti-Money
Laundering



Mr. Randy Marcano
Manager,
Internal Audit
(Designate)

MANAGEMENT

MANAGERS



MANAGEMENT


ASSISTANT MANAGERS



Ms. Patricia Babwah
Assistant Manager,
Legal and Contract
Services



Ms. Joanne Charles-Edwards
Assistant Manager,
Support Services
– Procurement



Ms. Leslie Ann Des Vignes
Assistant Manager,
Payment Systems




Ms. Leslie-Ann Figaro
Assistant Manager,
Banking Operations



Mr. Kevin Finch
Assistant Manager,
Macro Prudential
Analysis



Mr. Ian Gibbons
Assistant Manager,
Support Services
– Facilities



Ms. Amrita Gosine
Assistant Manager,
Support Services
– Facilities



Ms. Loren Harrinauth
Assistant Manager,
Applications



Ms. Lenore Hodge
Assistant Manager,
Information Services –
Knowledge and
Information Management



Mr. Sherwin Kerr
Chief of Security,
Security

MANAGEMENT

ASSISTANT MANAGERS



Dr. Reshma Mahabir
Assistant Manager,
Quantitative Research



Ms. Isha Marshall
Assistant Manager,
Finance and
Accounting



Ms. Lisa Quintyne
Assistant Manager,
Infrastructure



Mrs. Marlene Quirico-Callendar
Assistant Manager,
Support Services
–Administration



Mrs. Sonia Raphael
Assistant Manager,
Banking Operations



Ms. Ingrid Stewart
Assistant Manager,
Banks and Non-Banks
(On Assignment at
CLICO)



Mrs. Sandra Swan-Daniel
Assistant Manager,
Finance and
Accounting

ADVISORS



Ms. Wynnell De Landro-Robinson
Advisor,
Insurance
Supervision



Ms. Ejenny Espinet
Legal Advisor

SPECIALISTS



Mr. Anson Caliste
Specialist,
Project Management



Ms. Denise Daniel
Specialist,
Industrial Relations



Mr. Dennis Gordon
Advisor,
Security Services



Mrs. Sheriza Hassan-Ali
Specialist Advisor,
ITS, Governance and
Risk Management
(On Assignment at
CLICO)



Ms. Sita Mangal
Specialist,
Credit Risk



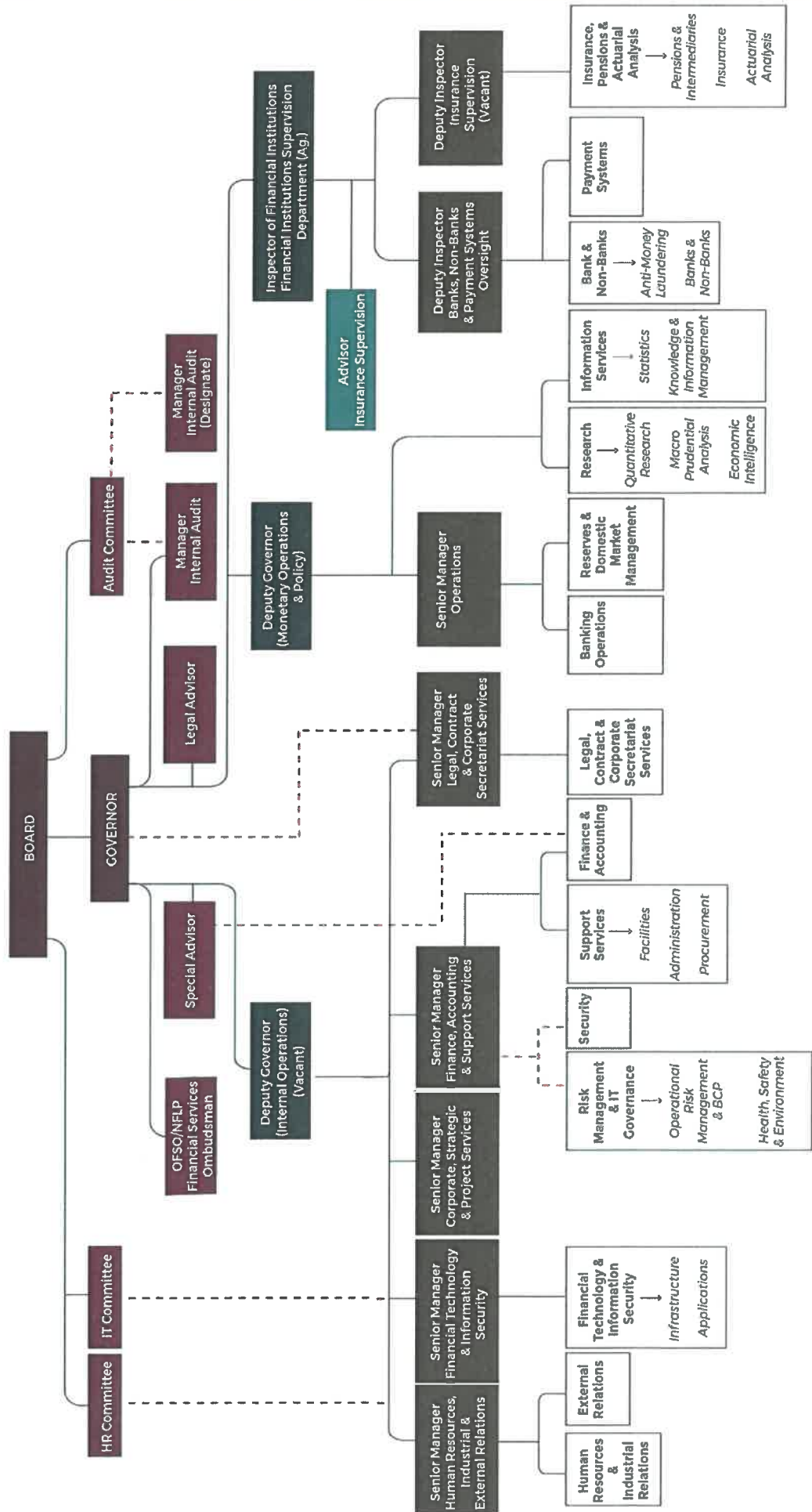
Ms. Sandra Racha
Specialist Advisor,
Energy Policy



Ms. Jacinta Sohun
Specialist Advisor,
Insurance
(On Assignment at
CLICO)

ORGANISATIONAL STRUCTURE

AS AT SEPTEMBER 30, 2019



Central Bank of Trinidad and Tobago Strategic Plan 2016/17-2020/21

Highlights of Year 3: 2018/19

The Central Bank completed the third of its five-year Strategic Plan 2016/17 - 2020/21 during the financial year 2018/19. Execution of the Plan's 23 strategic projects (aligned to the three strategic themes of Monetary Policy, Financial Stability and Internal Operations) were well underway or substantially completed. Further, annual work programmes were amended to address priorities which emerged during the first and second years of the Plan and where required, the pace of project implementation was adjusted.

Some of the main achievements over the period included: the launch/implementation of the new Portfolio Management System; preparation of legislative instruments for bolstering regulation and supervision in a number of priority areas; improved communication with the Bank's stakeholders; enhanced visibility of the Office of the Financial Services Ombudsman and the National Financial Literacy Programme and while not initially on the Strategic Plan, considerable work was done on the Caribbean Economic Research Team (CERT) Project.

An Implementation Update for the third year of the Strategic Plan is provided in more detail on the Central Bank's website: <https://www.central-bank.org.tt/sites/default/files/page-file-uploads/strategic-plan-year-three-half-year.pdf>.

MONETARY POLICY



- Launch and implementation of the new Portfolio Management System.
- Production of two scoping papers on "The Feasibility of Inflation Targeting" and "A Review of Monetary Policy Operations" to support the enhancement of the monetary policy framework.

FINANCIAL STABILITY

- Implementation of Basel II/III capital adequacy standards.
- Development of new insurance regulations and guidelines.
- Progress on CLICO/BAT Resolution Plan.



INTERNAL OPERATIONS



- Completion of staff opinion survey and implementation of practical action plans.
- Debut of Facebook pages for the Bank and Auditorium, as well as an Instagram account the Central Bank Museum.
- Whistle-blower mechanism finalised and a mobile application for more effective communication between the Bank and staff was introduced.



REVIEW OF ACTIVITIES

2018-2019¹

¹ The Bank's financial year runs from October 01 to September 30.

MONETARY POLICY AND ECONOMIC DEVELOPMENTS

In 2019, growth in advanced, emerging market and developing economies softened from the previous year. The International Monetary Fund, in its World Economic Outlook October 2019, forecast global growth of 3.0 per cent for 2019 down from 3.6 per cent in 2018. Increasing uncertainty over the resolution of US trade policies and the rebuttal of China, the difficulty in arriving at a Brexit deal before the withdrawal deadline and rising geopolitical tensions were major contributing factors to the weaker growth conditions. Against this background, major central banks such as the US Federal Reserve and the European Central Bank, adopted a more accommodative monetary policy stance, lowering their policy interest rates during the year.

The Trinidad and Tobago economy experienced setbacks and struggled to gain a foothold in 2019. While the economic contractions of the previous three years seemed to have been halted, the anticipated recovery in economic growth was much weaker than expected. In the energy sector, maintenance-related outages and supply disruptions in the second quarter of 2019 offset the gains of 'new gas' from bpTT's Angelin Platform. The commercialisation of natural gas from the Angelin platform in February 2019, with added capacity of 600 million square cubic feet per day, was expected to ramp-up natural gas output for the year as a whole, with knock-on downstream impacts. Instead, natural gas production declined marginally. At the same time, crude oil production continued to fall owing to the maturation of the domestic basin. However, the petrochemicals sector recovered from the downturn experienced in 2018 with boosts to ammonia, urea and methanol production. In the non-energy sector, preliminary estimates for the first half of the year indicate that economic activity was subdued. The slow pace of government spending on major infrastructural projects stymied the fiscal stimulus to the non-energy economy. While there were signs of positive growth in the

finance and distribution sectors, activity in other key sectors such as construction and manufacturing remained lacklustre.

In the labour market, anecdotal evidence suggests that job retrenchments rose during the period January to September 2019. The latest employment data from the Central Statistical Office shows a mixed picture. The unemployment rate improved in the first half of 2018 to 3.8 per cent compared with 4.9 per cent in the first half of 2017, while the number of persons leaving the labour force accelerated. With underlying demand pressures generally subdued, inflationary conditions were low and stable throughout the financial year. At the end of September 2019, headline inflation measured 1.1 per cent and core inflation (which excludes food prices) remained relatively steady at 1.0 per cent.

The Central Bank maintained a monetary policy stance that was geared towards supporting economic growth within the context of a low inflationary environment locally and the easing of monetary conditions in the US. On the domestic front, inflation and inflationary expectations remained relatively well-anchored, obviating the need for pre-emptive increases of the Bank's main policy rate, the Repo rate, which was maintained at 5.00 per cent throughout the year. External influences were also favourable and provided little impetus for a hike of the Bank's interest rate. As the US Federal Funds Rate declined, the gap between US and domestic short term interest rates narrowed, alleviating some pressures on the foreign exchange market. With the Repo rate steady, the Bank managed open market operations more flexibly to meet the changing liquidity requirements of the domestic market. Consequently, excess reserves averaged \$3.5 billion in FY2018/19 compared with \$3.2 billion the year before, as the Central Bank took an accommodative liquidity stance in anticipation of the private placement of several Central Government bonds.

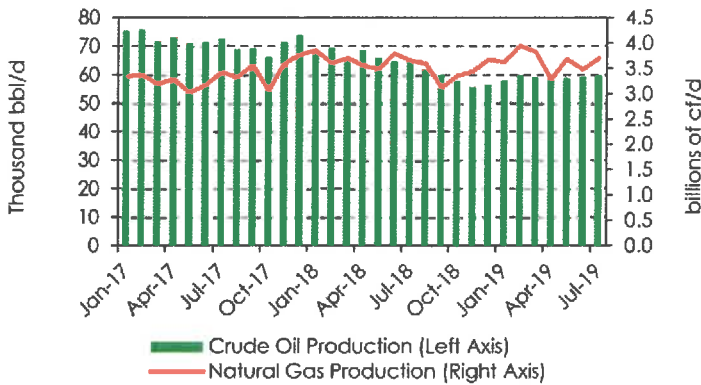
Private sector credit by the consolidated financial system continued to expand but at a slower pace than the previous year. During the period October 2018 – September 2019, system-wide credit grew at an average rate of 4.3 per cent down from 5.9 per cent in the corresponding period one year earlier. Weaker credit conditions were attributed to declining business credit and to a slowdown in the growth of lending to consumers. However, at the end of the period, the fall in lending to businesses of 5.5 per cent and the slowdown in consumer lending to 5.9 per cent were offset by a pickup in real estate mortgage lending to 10.9 per cent.

The Central Government's fiscal performance improved in FY2018/19 as fiscal consolidation efforts were intensified. Despite falling natural gas and crude oil prices, energy-related revenues increased, primarily owing to the one-off payment of back taxes netted from a

tax amnesty for income years 2013-2018. Higher than anticipated revenues resulted in the overall fiscal deficit falling to 2.4 per cent of GDP in FY2018/19 compared with a fiscal deficit of 3.6 per cent of GDP in the previous fiscal year. However, public sector debt climbed to \$103.4 billion or 63.3 per cent of GDP at the end of September 2019 from \$95.5 billion or 60.1 per cent of GDP at the end of September 2018.

Lower global energy prices together with a reduction in the volume of energy exports contributed to a worsening external position. An overall deficit of US\$676.1 million was recorded on the balance of payments for the first nine months of the calendar year, bringing the level of net official reserves at the end of September 2019 to US\$6,898.9 million which represented 7.7 months of prospective imports of goods and services.

Crude Oil and Natural Gas Production



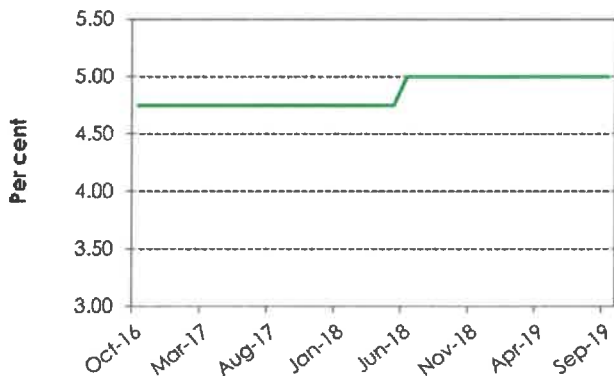
In the energy sector, maintenance-related outages and supply disruptions offset the gains of 'new gas'

Index of Retail Prices (y-o-y % Δ)



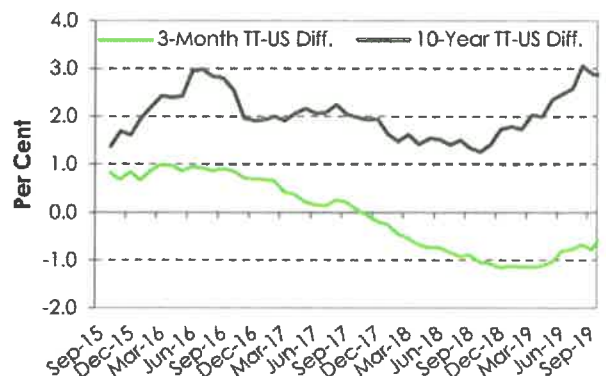
With underlying demand pressures generally subdued, inflationary conditions were low and stable throughout the financial year

Repo Rate



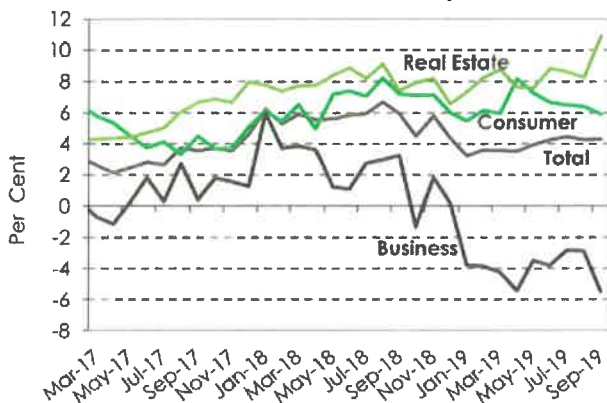
The Bank maintained a monetary policy stance that was geared towards supporting economic growth within the context of low inflation.

TT-US Differentials



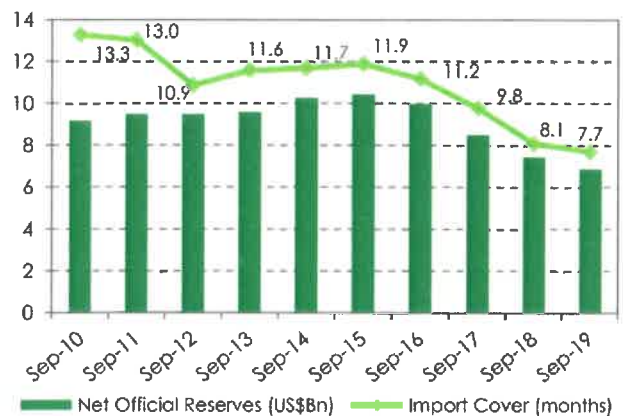
As the US Federal Funds Rate declined, the gap between US and domestic short term interest rates narrowed.

Private Sector Credit to the Consolidated Financial System



Private-sector credit by the consolidated financial system continued to expand but at a slower pace.

Net Official Reserves and Import Cover



The level of net official reserves remained adequate at the end of the financial year.

Sources: Central Statistical Office, Ministry of Energy and Energy Industries and Central Bank of Trinidad and Tobago

MONETARY POLICY AND OPERATIONS

"The Bank shall have as its purpose the promotion of such monetary, credit and exchange conditions as are most favourable to the development of the economy of Trinidad and Tobago..." (Central Bank Act Chapter 79:02). The Bank continued with several strategic projects with the aim of improvement in the efficiency of its operations and services.

MONETARY OPERATIONS

CURRENCY IN CIRCULATION

In accordance with the Central Bank Act Chapter 79:02, the Central Bank continued to perform the role of sole issuer of Trinidad and Tobago currency notes and coins during the FY2018/19. As of September 2019, there was approximately \$8.8 billion in circulation of which \$8.6 billion was in banknotes and a value of \$245 million in coins.

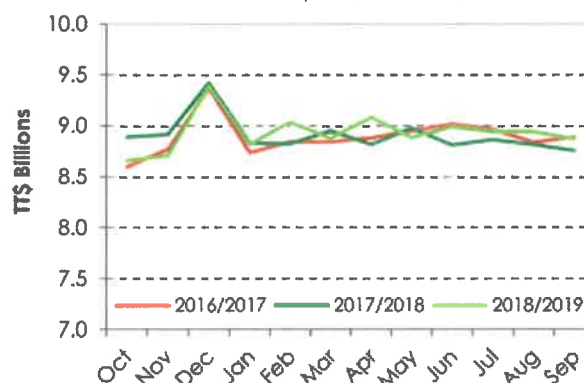
As at September 2019, currency in circulation increased by 1.3 per cent from \$8.7 billion to \$8.8 billion as compared to the previous year's negative growth of -1.5 per cent (Chart I). Currency in circulation was recorded at approximately 5 per cent of GDP as at September 2019, roughly the same percentage that was reported in September 2018. The traditional pattern of higher demand by commercial banks for currency during the Christmas and Carnival seasons continued with peaked demand in the months of December 2018 and February 2019.

The volume of new notes issued by the Bank increased by about 15 per cent to a total of 80 million, as against the total of 69 million issued in the corresponding period during the last financial year. As at September 30 2019, the \$100 denomination continued to represent the largest value of all notes in circulation,

representing about 90 per cent of total value while the \$1 denomination accounted for the largest volume of notes in circulation at 43 per cent. Chart II below shows the relative share of each denomination for notes as at September 30, 2019.

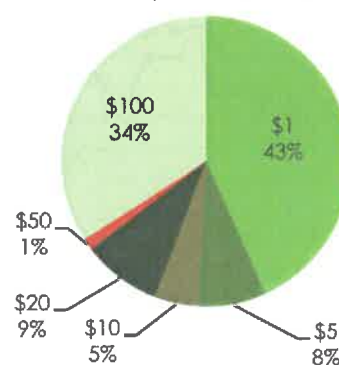
Although demonetised, there are still many one cent coins in the hands of the public. The Bank will continue its efforts to recall these coins through direct redemption at the Central Bank and at some commercial banks in Tobago. Among the present suite of coins however, the 25 cent coin accounted for the largest volume of circulated coins as at September 2019.

Chart I
Currency in Circulation



Source: Central Bank of Trinidad and Tobago

Chart II
Volume of Notes in Circulation by Denomination as at September 30, 2019



Source: Central Bank of Trinidad and Tobago



\$8.8bn in circulation



\$372bn settled on RTGS



12% decrease in volume of cheques cleared

CLEARING AND SETTLEMENTS SYSTEMS

The Bank continued to perform the roles of operator of the Cheque Clearinghouse Facility for domestic currency cheques as well as for the Real Time Gross Settlement (RTGS) system, safe-tt.

CHEQUE CLEARING SYSTEM

During the financial year the Bank in conjunction with the Bankers Association of Trinidad and Tobago (BATT) worked to address a number of issues surrounding cheque usage as part of the Bank's strategic objectives.

Progress was made on the TT\$ Electronic Cheque Clearing System (ECCS) and Automated Clearing House/Electronic Funds Transfer (ACH/EFT) projects. A Request for Proposal (RFP) for the replacement technology for ACH/EFT and new technology for the ECCS was developed and circulated to selected vendors in July 2019. The evaluation and selection is scheduled to be completed early in the upcoming financial year. In August 2019, it was decided that Infolink Services Limited (ISL) will manage this project going forward and will also be the entity responsible for operating the ECCS and ACH/EFT. The Bank has been working with its customers, including Government, to understand and implement the accepted ECCS Standards in anticipation of the completion of the project by the end of FY2019/20.

A related project which was also undertaken in conjunction with BATT has been the standardisation of the cheque format. This will aid in shortening the capture and processing time of cheque images and data in the new electronic environment.

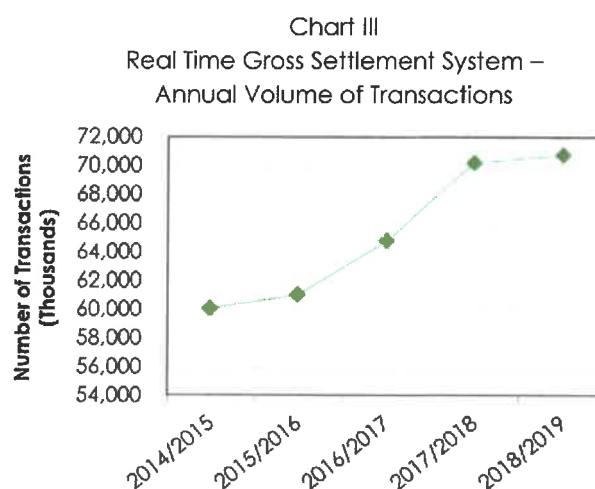
CHEQUES

As a participant in the domestic currency cheques clearing arrangement, total volume of cheques cleared by the Central Bank during the financial year decreased by -12 per

cent while the total value remained unchanged at \$47 billion.

REAL TIME GROSS SETTLEMENT (RTGS)

The RTGS electronic system facilitates the clearance and settlement of large value (\$500,000 and over) and time sensitive transactions among the system's 8 direct participants (commercial banks). A total value of \$372 billion in transactions was settled for the FY2018/19, a decrease of 40 per cent compared to the previous period. In terms of volume however, there was a slight increase of 0.8 per cent in the settlement of transactions from 70.2 thousand to 70.7 thousand from the 2017/18 period (Chart III).



Source: Central Bank of Trinidad and Tobago

FINANCIAL INSTITUTIONS RESERVE MONITORING

The required statutory cash reserve ratios for commercial banks and non-bank financial institutions remained unchanged over the year at 17 per cent and 9 per cent respectively of their prescribed liabilities. During FY2018/19, the total daily average cash balances of the commercial banks increased by 2.7 per cent, as a result of their higher prescribed liabilities, whereas that of the non-banks only decreased marginally.

REGIONAL ARRANGEMENTS

BANK OF GUYANA CONSOLIDATED DEBT

On May 15, 2019, a final payment of US\$4.4 million was received from Bank of Guyana to retire its debt. The debt represented a consolidation of sums owed to both the Bank and the Government of Trinidad and Tobago.

BANCO LATINAMERICANO DE EXPORTACIONES S.A. (BLADEX)

The Bank holds a total of 160,626.50 Class A shares in BLADEX. During the current financial year, dividends totaling US\$247,364.80 were received.

ANDEAN DEVELOPMENT CORPORATION/CORPORACION ANDINA DE FORMENTO (CAF)

The Bank has a subscription for 7,590 Series "C" shares of Common Capital Stock of CAF for the sum of USD 107,778,000. There were no dividends payments for the year ended September 2019.

DOMESTIC SETTLEMENTS

PUBLIC SECTOR (ARREARS OF EMOLUMENTS) BONDS

The Bank continued to encash bonds issued under the Public Sector (Arrears of Emoluments) Act 1995 and the Public Sector (Arrears of Emoluments) Amendment Act 1998. The final maturity date of these bond issues was January 31, 2001. During the financial year payments of \$31,000.00 were made.

TAX-FREE BONDS

The final issue of Tax Free Bonds created under the Government Savings Bond Act Chap 71:41 (i.e. the 10-year 8 per cent tax free bond of December 1995) matured in December 2005. Total principal and interest repayments were \$4,400 this financial year compared to \$8,600 in the prior period.

CENTRALISED SECURITIES SYSTEM (CSS) GOVERNMENT OF TRINIDAD AND TOBAGO (GOTT) BONDS

The Bank continued as the Registrar and Paying Agent of all issues of GOTT and State Enterprise (Agency) bonds maintained under the Government Securities Auction System and Depository.

During the FY2018/19 interest payments to State Agency bondholders amounted to \$260.7 million compared to the FY 2017/18 where principal repayments and interest payments to State Agency bondholders amounted to \$8.0 million and \$245.3 million respectively.

The GOTT Zero Coupon (HCU) bonds payment for 2018/19 amounted to \$18.7 million similar to the previous period. The payment on the GOTT Zero Coupon (CLICO) bonds for FY2018/19 amounted to \$470.9 million as compared to the \$471.4 million in the previous fiscal year.

Total principal and interest paid to Central Government (inclusive of NIPDEC) bondholders amounted to \$1.24 billion and \$1.43 billion as compared to \$9.1 million and \$1.5 billion in the previous financial year.

DOMESTIC MARKET OPERATIONS

GOVERNMENT SECURITIES

Consistent with its role of promoting capital market efficiency, the Bank expanded the range of Treasury bill public auctions to include a one-year tenor. The first one-year auction took place in March 2019 and one such auction was scheduled for every quarter thereafter.

In conducting open market operations (OMO), the Bank auctioned thirty-four OMO securities with a combined face value of \$18.4 billion whilst a total of \$24.1 billion in securities matured during the year ended September 30, 2019.

FOREIGN EXCHANGE MARKET

Conditions in the domestic foreign exchange market remained relatively tight in FY2018/19. Receipts from the energy sector, which accounts for the majority of inflows to the market, grew marginally by 2.0 per cent from the previous financial year. Over the period, total purchases of foreign exchange from the public by authorised dealers increased by 7.1 per cent to US\$4.3 billion from US\$4.0 billion in the prior year. With demand for foreign exchange continuing to be robust, the Central Bank intervened regularly in the market, selling a total of US\$1.5 billion to the authorised dealers. This supported total sales for the year of US\$6.1 billion to the public, 11.5 per cent higher than the US\$5.5 billion sold in the previous financial year. The weighted average exchange rate remained fairly stable over the period, with the nominal selling rate standing at US\$1 = TT\$6.7570 at end of September 2019, a minimal depreciation from the US\$1 = TT\$6.7564 at end of September 2018.

FOREIGN CURRENCY RESERVE MANAGEMENT

In accordance with the Bank's strategic objective of strengthening the management of the country's foreign currency reserves, a new Portfolio Management System (PMS) was successfully implemented by the close of the second quarter of the FY2018/19. Additionally, with technical assistance from the World Bank under the Reserves Advisory and Management

Programme, enhanced trading strategies were implemented in the fixed income portfolio managed in-house. The assessment of proposals for the provision of Custody and Related Services² for the assets of the country's foreign currency reserves was also completed.

The Bank continued to manage the foreign currency reserves in accordance with the investment framework approved by the Board of Directors in the prior financial year. The Portfolio earned 3.09 per cent for the period, more than twice the 1.35 per cent earned in the previous financial year. The improvement in performance was mainly a result of investments in higher yielding short-term U.S. fixed deposits, as well as high quality investment grade bonds within the supranational and sovereign agencies and U.S. asset backed securities sectors.

Net official reserves declined to US\$6.9 billion as at September 30, 2019 from US\$7.5 billion a year prior. Interventions in the domestic foreign exchange market continued to be the major outflow from the portfolio. Foreign currency sales to local utility companies and Central Government related entities also contributed to the decline in reserves. Receipts from the energy sector continued to be the main inflow, amounting to US\$1.3 billion for the year, up from US\$752.3 million in the prior period. Other major inflows to the portfolio included receipts totaling US\$224.4 million from the Corporacion Adina de Fomento (CAF) to aid Central Government with local developmental initiatives.



US\$6.9bn
net official reserves

3.09%
rate of return



Energy sector receipts –
main inflow to reserves

² Global custody services typically include at a minimum the safekeeping of financial assets, the settlement of cross-border transactions, the collection of dividends and income, the processing of corporate actions, as well as extensive reporting capabilities.

FINANCIAL STABILITY

During the financial year, the Bank continued to perform its role in maintaining financial stability and promoting confidence in the domestic financial system. In addition to routine supervisory and regulatory responsibilities, work on several strategic projects continued and new components added including the development of a market conduct framework and virtual currency policy.

ADVANCING THE LEGISLATION FOR SUPERVISION

INSURANCE LEGISLATION

At the end of the financial year, the proclamation of the new Insurance Act 2018 which was assented to on June 4, 2018 remained pending. Further amendments were required to ensure clarity, meaningful interpretation, harmonisation with other legislation and accuracy in references. As a result, an Amendment Bill in respect of the Insurance Act 2018 was presented to Cabinet and is to be laid in Parliament. The new Act will fortify the regulatory powers of the Inspector of Financial Institutions and significantly improve the conditions for comprehensive supervision of insurance companies.

In addition, Regulations to give effect to the requirements in the new Act were submitted with the aforementioned amendments. The Regulations address various prudential requirements as well as market conduct issues.

As part of the preparedness for and implementation of the Insurance Act 2018, the Bank developed data collection forms for the reporting of financial information required under the Act. These were rolled out to the industry and other stakeholders. Feedback received are being considered and incorporated. In addition, relevant in-house training as required for all levels of staff has been conducted in respect of the requirements of the new Insurance Act. The

Bank is developing new essential policies and procedures associated with the enhanced authority and new requirements that are incorporated in the Insurance Act, in order to augment its continuous supervision and regulation of the insurance industry.

GUIDELINE ON PENSION PLAN GOVERNANCE

Alongside the regulatory advances made in the insurance industry, the Bank has recognised the need to encourage the prudent governance of private occupational pension plans. As at September 30, 2019, assets owned by private occupational pension plans totaled approximately \$51 billion and the plans' total membership was approximately 100,000 persons. In its effort to sensitise the operators of these pension plans to internationally accepted best governance practices, and after consultation with industry stakeholders, the Bank issued the Guideline on Pension Plan Governance³ in August 2019.

The good governance of a pension plan requires the professional management of the plan's operations by competent, knowledgeable persons who are aware of their roles, responsibilities and accountabilities, and who conduct their activities in a lawful, accurate, consistent, equitable, ethical and transparent manner. The Guideline outlines practices which would meet these requirements. Therefore, the Bank has encouraged the operators of the pension plans to use the Guideline as a tool for assessing their operations and determining whether changes, towards implementing best practices, are required. The Bank has also encouraged that the Guideline be shared with all members of private occupational pension plans so that they too are informed of the manner in which their pension plan should be operated.

In furtherance of the initiative to improve the pension plans' operations, a Guideline on best practices in communicating with members is due to be issued in 2020.

³ <https://www.central-bank.org.tt/sites/default/files/page-file-uploads/guideline-on-pension-plan-governance.pdf>.

A MARKET CONDUCT GUIDELINE

A Market Conduct Guideline⁴ was issued to the industry in November 2018. The Guideline seeks to ensure that banks implement proper market conduct practices, policies and procedures to facilitate a sustainable, fair and sound financial environment for customers (Box 1).

DRAFT REVISED TERMS AND CONDITIONS FOR THE OPERATION OF A BUREAU DE CHANGE

Draft revised Terms and Conditions⁵ for the Operation of a Bureau de Change⁶ were issued for consultation in August 2019. Among the significant revisions were proposed changes to treat with money remitters who conduct transfers involving foreign exchange conversions, and provisions to allow for agents in addition to branches. The revised Terms and Conditions will be finalised early in the next financial year.

DRAFT GUIDELINE FOR THE TREATMENT OF ESTIMATED CREDIT LOSSES (ECLs) FOR DETERMINING REGULATORY CAPITAL ADEQUACY REQUIREMENTS (ECL GUIDELINE)

A draft ECL Guideline was issued to the industry for comments on April 30, 2019. The ECL Guideline provides guidance on the categorisation of provisions for determining regulatory capital adequacy requirements.

FIT AND PROPER GUIDELINE

Subsequent to the dissemination of the Draft Fit and Proper Guideline for industry consultation in February 2019⁷, revised draft Personal Questionnaire & Declaration (PQD) and Corporate Questionnaire & Declaration (CQD) Forms were issued for consultation in July. The revised Guideline and Forms have since been finalised following receipt of industry

comments and will be issued and become effective from November 1, 2019. Regulated entities will be allowed a grace period of three months to ensure that they develop and institute all necessary systems, policies and procedures required in the Guideline.

CREDIT UNION SUPERVISION/ FRAMEWORK

Following a series of meetings with the Caribbean Regional Technical Assistance Centre (CARTAC) and the Credit Union stakeholders in August 2017, the Central Bank submitted a summary of the CARTAC report on a proposed regulatory framework for credit unions to the participants in January 2019 and subsequently made specific recommendations on a draft Cabinet Note on Credit Unions.

In September 2019, the Central Bank was invited by the Ministry of Labour and Small Enterprise Development, to participate in a National Stakeholder Consultation on the review of the Co-operative Societies Act, Chap. 81:03 to strengthen the regulatory framework in this area.

DEVELOPMENTS IN THE PAYMENTS SYSTEM

During 2019, electronic retail payments continued on an upward trajectory largely due to increases in the volume and value of debit card and Automated Clearing House (ACH) transactions, while retail paper based cheque transactions, continued on a downward trend. Meanwhile, the volume of cash withdrawals over the counter at commercial banks have declined when compared with the previous year, while the volume and value of cash withdrawals at ATMs have increased. These trends suggest continued vigilance and the Bank continues to make progress in the supervision of this area.

4 <https://www.central-bank.org.tt/sites/default/files/latest-news/market-conduct-guideline-for-institutions-licensed-under-the-fia-2008.pdf>.

5 <https://www.central-bank.org.tt/sites/default/files/page-file-uploads/draft-revised-terms-and-conditions-for-bureau-operations.pdf>.

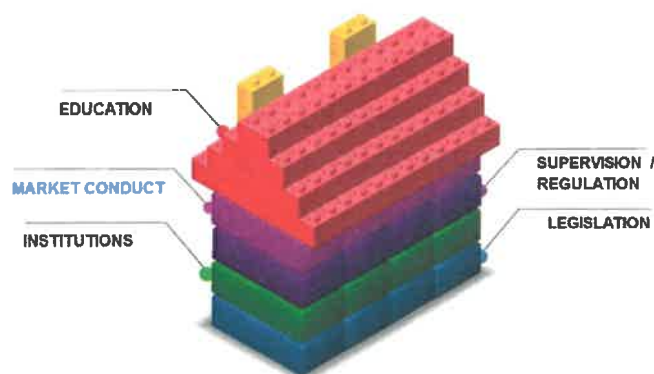
6 A bureau de change is an establishment dedicated only to the exchange of currency. It does not provide other services of a financial nature. These entities are licensed by the Central Bank to buy and sell foreign currency notes, coins and travellers' cheques in exchange for notes and coins of another currency.

7 <https://www.central-bank.org.tt/sites/default/files/page-file-uploads/central-bank-fit-and-proper-guideline-consultation-february-2019.pdf>.

BOX 1

HIGHLIGHTS OF MARKET CONDUCT GUIDELINE

The Market Conduct Guideline forms part of the Framework for effective protection of financial services consumers.



The Market Conduct Guideline covers 7 broad areas:

1. **Inclusive and Competitive Marketplace:**

Consumers can easily find affordable products that suit their financial capability and risk tolerance. They have choice, and can easily change products and switch service providers.

2. **Suitability:**

Consumers are offered the product best suited to their needs and financial capability.

3. **Transparency and Marketing:**

Consumers are properly informed about the product in order to make effective and informed decisions. They are not misled. They are able to compare the nature, value and cost of products and make informed choices.

4. **Professional Ethics and Standards:**

Consumers are served according to professional ethics and acceptable standards. The Bank encourages professionalism and ethical behavior of staff when addressing customers' complaints.

5. **Due Care:**

Consumers are treated fairly, with due care and diligence over the entire duration of usage of the product or service.

6. **Safety and Security:**

Consumers feel protected from harm and, if the Financial Service Provider fails, have proper protection. They are protected from the loss of personal assets and data, misuse and fraud or other unwanted intrusion.

7. **Customer Education:**

Banks should have mechanisms to inform and educate customers.

Source: Market Conduct Guideline (November 2018), Central Bank of Trinidad and Tobago.

E-MONEY POLICY

During the FY2018/9, the Bank advanced two of its strategic projects aimed at promoting development of the payment systems in Trinidad and Tobago. One such initiative included the completion of the e-money Policy which was issued in November 2018⁸ for public consultation. After due consideration of the substantial comments received⁹ the Bank finalised and submitted an e-money Policy to the Minister of Finance for effecting of a ministerial order that would allow persons other than licensed financial institutions under the Financial Institutions Act 2008 (FIA) to issue e-money subject to certain defined terms and criteria.

In this regard, the e-money policy outlines inter alia, permissible activities, registration requirements, governance arrangements, risk management, capital requirements and thresholds.

FINTECH POLICY

Secondly, the Bank published its high level policy stance on Virtual Currencies and Fintech in November 2018. This was followed by the publication of a joint statement by the three regulators¹⁰ on Virtual Currencies in January 2019¹¹. Later that year, the Bank's Fintech Policy was finalised and discussions commenced with the Trinidad and Tobago Securities and Exchange Commission (TTSEC) and the Financial Intelligence Unit of Trinidad and Tobago (FIUTT) on the formalising and operationalisation of a joint-Innovation Hub¹² and regulatory sandbox in the next financial year.

PARTICIPATION IN REGIONAL WORKING GROUPS ON FINTECH

Central Bank CARICOM Fintech Working Group (CFWG)

The CFWG was established by the CARICOM Central Bank Governors in November 2016 to

function as an advisory group on Fintech related matters, and the Chair is currently being held by the Central Bank of Barbados. At the Governors' Meeting in May 2019, the CFWG submitted a document entitled "Draft Guidelines for Treating with Digital Currency" and two Concept Notes, namely "Reducing Currency in Circulation by 50 per cent in 5 Years" and "Exploring Cross-Border Payments". The CFWG also carried out a survey in the Caribbean region on the Legal and Regulatory Framework for Digital Currency.

CEMLA Fintech Forum

The CEMLA Fintech Forum was launched in Argentina in March 2018 and seeks to address strategic challenges that financial innovation entails for monetary and financial stability, and for the proper functioning of Central Banks of Latin America and the Caribbean. Two working groups were established with different research focus, one on the regulatory approach to Fintech and the other on central bank digital currency. In May 2019, the CEMLA Fintech Forum produced two policy reports namely "Key Aspects around Financial Technologies and Regulation" and "Key Aspects around Central Bank Digital Currencies".

LICENSING AND REGISTRATION

During the 2018/19 financial year, the Bank engaged with 16 entities wishing to offer various payments services, including e-money. There was one new registrant during this period, Paywise, which was approved as a Payment Service Provider in March 2019.

Additionally, in order to deal with Fintech related issues in the Payments System Oversight Division, the Bank established a Fintech Advisory Team comprising personnel from the Financial Technology and Information Services, Risk Management and Internal Audit Departments to assist with the review of the technology and business models of the Fintech entities.

8 [https://www.central-bank.org.tt/sites/default/files/page-file-uploads/E MONEY POLICY.pdf](https://www.central-bank.org.tt/sites/default/files/page-file-uploads/E%20MONEY%20POLICY.pdf).

9 <https://www.central-bank.org.tt/sites/default/files/page-file-uploads/E-Money-Policy-Feedback-Report.pdf>.

10 The Central Bank, the TTSEC and the FIUTT.

11 [https://www.central-bank.org.tt/sites/default/files/latest-news/Joint Public Statement Virtual Currency Jan 2019.pdf](https://www.central-bank.org.tt/sites/default/files/latest-news/Joint%20Public%20Statement%20Virtual%20Currency%20Jan%202019.pdf).

12 An Innovation Hub is an innovation facilitator set up by supervisory agencies that provide support, advice or guidance to regulated or unregulated firms in navigating the regulatory framework or identifying supervisory policy or legal issues and concerns (Basel Committee on Bank Supervision).

PUBLIC AWARENESS

The Bank continues to issue Public Notices advising on registration requirements for any entity desirous of operating as a Payment Service Provider or a non-interbank Payment System Operator¹³. Importantly, the Notices raise the public awareness of the persons who are registered by the Bank to conduct payment services in Trinidad and Tobago.

PAYMENTS SYSTEM COUNCIL

The Bank acts as the Secretariat to the national Payments System Council (PSC)¹⁴. The subcommittees of the Council are charged with the responsibility of executing the work under the PSC's strategic plan. The subcommittees advanced work in the following areas:

- (a) Legislative review of the core payment law in other jurisdictions such as the United Kingdom, Australia, Singapore, and Kenya;
- (b) The structure and mandates of PSCs around the world;
- (c) Improving Transactional Efficiency in Trinidad and Tobago;
- (d) Production of educational Newsletters on payment initiatives. Two newsletters were completed during the period:
 - 'The changing landscape towards digital financial services' in March 2019.
 - 'Developments in Fintech' in September 2019.

STRENGTHENING RESILIENCE TO STRESS

BASEL II/III IMPLEMENTATION

In December 2018, the Bank forwarded to the Minister of Finance its policy proposal document for the implementation of Basel II/III-Phase 1 together with a draft Financial Institutions (Capital Adequacy) Regulations,

2018 (Regulations). In May 2019, the Cabinet approved the Policy and the Bank has since been working with the Ministry of the Attorney General and Legal Affairs to finalise the Regulations for submission to the Minister of Finance. In addition, the Bank developed policy proposals for the implementation of Phase 2 of the Basel II/III implementation plan. Phase 2 addresses Pillars 2 and 3 of Basel II as well as the capital conservation buffer, the leverage ratio and the liquidity coverage ratio under Basel III. The Phase 2 policy proposal document will be issued to the banking sector for consultation early in the next financial year.

NATIONAL CRISIS MANAGEMENT PLAN

The preparation of crisis management plans is an objective of the Bank's Strategic Plan 2016/17-2020/21. A project team was established to review the draft National Crisis Management plan (the Plan). The draft Plan was presented to Senior Management in September 2019 and work is continuing to fine tune and operationalise the plan. Plans are also underway to engage the other major stakeholders such as the Deposit Insurance Corporation of Trinidad and Tobago (DICTT) and the TTSEC.

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 17 IMPLEMENTATION

An IFRS 17 committee was established by the Bank to ensure IFRS 17¹⁵ preparedness by the industry and supervisory authorities. The Bank is the chair of this committee which comprises representatives from the Association of Trinidad and Tobago Insurance Companies (ATTIC), the Institute of Chartered Accountants of Trinidad and Tobago (ICATT) and the Caribbean Actuarial Association (CAA). The TTSEC and the Insurance Brokers' Association of Trinidad and Tobago (IBATT) will participate where necessary.

13 <https://www.central-bank.org.tt/sites/default/files/page-file-uploads/authorised-payment-service-providers-and-payment-system-operators.pdf>.

14 The Payment System Council (PSC) was formed in 2002 as part of the institutional framework for the upgraded National Payments System. The objective of the Council is "... to support the achievement of sound and efficient payments clearance and settlement systems in the country and to participate in regional and international efforts aimed at maintaining ordered conditions in regional and international payment systems."

15 <https://www.ifrs.org/issued-standards/list-of-standards/ifrs-17-insurance-contracts/>

THE IMPACT OF IFRS 9 ON SOVEREIGN EXPOSURES

A paper was presented to CARICOM Governors on the impact of IFRS 9¹⁶ on sovereign exposures in November 2018. Following this, the Technical Working Group for the Regional Loan Loss Provisioning and Classification Harmonisation Project is expected in 2019/20. This will aim to discuss with the Bank of Jamaica the gathering of any data collected on losses during Jamaica's financial crisis, which will determine if any further changes are required to the IFRS 9 statements that have been incorporated into the existing regional Loan Loss document.

CYBER RISK

A survey was issued to commercial banks on Cyber Risk/Security to obtain information on their security networks and procedures that were in place for addressing cyber risks. Following the assessment of the survey results, a Cyber Risk/ Security thematic review will be conducted on the eight commercial banks during FY2019/20.

CREDIT RISK

The Bank continues to monitor closely credit risk in the banking system. Having observed an uptick in debt consolidation and debt refinancing loans¹⁷, the Bank has embarked on a thematic review of these types of loans at selected commercial banks during the fourth quarter of 2018/19 and which will continue in FY2019/20.

IMPROVED GOVERNANCE IN FINANCIAL INSTITUTIONS

The Bank continued to review and enhance its regulatory framework for financial institutions, by benchmarking it against international standards, which resulted in the following: -

PRINCIPLES FOR FINANCIAL MARKET INFRASTRUCTURE (PFMI) ASSESSMENTS

During the financial year, work continued with the payment system operators' towards addressing their gaps revealed under the Principles for Financial Market Infrastructure (PFMI)¹⁸. Following the PFMI assessments of the Real Time Gross Settlement System (RTGS), the Automated Clearing House (ACH), the Cheque Clearing Arrangement (CCA) and the debit card switch (LINX), operators were required to develop action plans to address certain areas. The Bank has been monitoring the implementation of their action plans towards strengthening their risk management frameworks.

FINANCIAL SECTOR ASSESSMENT PROGRAMME (FSAP)

Trinidad and Tobago is undergoing a joint International Monetary Fund (IMF)/ World Bank Financial Sector Assessment Programme (FSAP) in 2019/20. In July 2019, an introductory meeting was held with the IMF/World Bank team to discuss the scope of the FSAP. The first mission is scheduled to take place November 05-19, 2019 and will entail a detailed Basel Core Principles assessment of the banking system, as well as a review of the insurance, securities and credit union sectors. The second mission is scheduled for January 2020.

STRENGTHENING THE ANTI MONEY LAUNDERING/COMBATTING THE FINANCING OF TERRORISM AND PROLIFERATION FINANCING (AML/CFT/CPF) GOVERNANCE

A risk based AML/CFT/CPF (collectively 'AML') supervisory framework has been developed which will inform the intensity and frequency of AML supervisory engagement going forward. The Framework articulates the principles that will guide the Bank, in the

16 IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items (<https://www.ifrs.org/issued-standards/list-of-standards/ifrs-9-financial-instruments/>).

17 Debt consolidation entails the borrower combining several loans into a single new loan, whereas debt refinancing involves closing a single loan and opening a new loan usually at a lower interest rate.

18 PFMI were issued jointly by the Committee on Payment and Settlement Systems of the Bank for International Settlements and the Technical Committee of the International Organization of Securities Commission. This replaced the CORE principles, which were previously used until the adoption of the new methodology in October 2014 <https://www.bis.org/cpmi/publ/d101d.pdf>.

application of a risk-based approach to AML supervision of financial institutions. This will be achieved by assessing an institution's risk profile, financial condition, risk management processes, and compliance with applicable AML laws and regulations. The outcome of the assessment will determine the intensity of FISD's AML supervisory oversight and engagement on an ongoing basis.

INTERNATIONAL SUPERVISORY COOPERATION

SUPERVISORY COLLEGES

The Bank participated in the annual Supervisory College which was held immediately prior to the 37th Annual Conference of the Caribbean Group of Banking Supervisors (CGBS), both of which were hosted by the Central Bank of Aruba in June 2019. One Trinidad and Tobago cross border banking group was the topic of discussion, where the Chief Executive Officer and Chief Financial Officer of that banking group attended to present on the Group's strategy, financial performance, key risks, governance and controls. Regulators from six jurisdictions were present.

Collaboration among regional insurance regulators is ongoing and in this vein the Framework for Supervisory Colleges was established among the Caribbean Insurance Regulators, which is an essential tool for supervision of cross border groups. Following the establishment of the Framework, in September 2019, the Bank accomplished a major achievement as it hosted a Supervisory

College for a cross border insurance group. Participants from 18 jurisdictions across the Caribbean attended the College, which was held over a period of two days and was the first of its kind in the insurance sector in the Caribbean.

The Bank also attended supervisory colleges hosted by the Office of the Superintendent of Financial Institutions (OSFI) in Canada.

ACQUISITIONS

In 2019 there have been a number of acquisitions of controlling interests in local insurance companies by overseas investors, all of which were subject to meet the full scope of the fit and proper requirements in accordance with the legislation. In particular, there was the acquisition of a regional insurance group by a large regional financial group.

On the banking side, the Central Bank granted approval for acquisitions in the Cayman Islands, the EC region and St. Maarten by a large domestic banking group.

MEMORANDUM OF UNDERSTANDING (MOU)

The two bilateral MOUs between the Central Bank and the TTSEC and the FIUTT, respectively, were revised and replaced by a trilateral MOU amongst the three supervisory authorities. The revised MOU includes Operating Protocols for the appropriate and confidential sharing of information for the execution of supervisory and regulatory functions, particularly with respect to financial groups.



Supervisory College, Central Bank of Trinidad and Tobago

CONFERENCES

The Central Bank of Trinidad and Tobago hosted as follows:-

- **CARTAC workshop on Basel II Internal Capital Adequacy Process (ICAAP), Supervisory Review Process (SREP), and Pillar 3 Disclosures** during the week of January 21-25, 2019. This training was held for participants from the Central Bank of Trinidad and Tobago only.



CARTAC Workshop, January 2019



- **Capacity Building for Insurance Supervisors – Leveraging Actuarial Skills in April 2019** to address the challenge of building actuarial capacity in supervisors, in conjunction with the International Association of Insurance Supervisors (IAIS), the Access to Insurance Initiative (A2ii) and the International Actuarial Association (IAA). There were 27 participants from regional regulatory authorities in attendance.



Capacity Building for Insurance Supervisors, April 2019

CONSOLIDATED SUPERVISION

The consolidated onsite examination of one regional financial group was successfully conducted with regional regulators in three key jurisdictions (Cayman Islands, Barbados and

Suriname). In addition, licensees and financial holding companies commenced the submission of consolidated reports, which captures information on all subsidiaries within the financial group.

UPDATE ON THE COLONIAL LIFE INSURANCE COMPANY LIMITED (CLICO) AND BRITISH AMERICAN INSURANCE COMPANY (TRINIDAD) LIMITED (BAT) RESOLUTION PLAN

The Central Bank continued to progress the resolution strategy for CLICO and BAT in consultation with the Minister of Finance. A vital component of the resolution strategy included the sale of the traditional portfolios of BAT and CLICO to a suitable purchaser at prices consistent with independent valuations.

On September 30, 2019, the agreements for the transfer of the traditional portfolios for CLICO and BAT were executed and signed by the preferred bidder, Sagicor Life, and the transferring companies. Sagicor Life was selected as the preferred bidder after a

competitive and rigorous bidding process conducted by CLICO/BAT with the Central Bank oversight.

The next step is the preparation and submission of the Schemes of Transfer in respect of the CLICO and BAT policies for confirmation by the Central Bank in accordance with the Insurance Act Chap. 84:01.

The entire transfer process is anticipated to take several months during which time CLICO and BAT will continue to administer their respective portfolios until the Schemes of Transfer are confirmed.

The Central Bank will continue to ensure the safeguarding of policyholders' interests and the ongoing financial stability in Trinidad and Tobago.

INTERNAL OPERATIONS

During the financial year 2018/19, emphasis was placed on strengthening the governance framework, enhancing operational efficiencies, improving information security, as well as maintaining and improving the interior and exterior environment of the Bank.

GOVERNANCE AND THE CONTROL ENVIRONMENT

A key initiative undertaken to ensure the safety of the Bank's personnel, property and vital assets was the installation and implementation of a new fire alarm, notification and sprinkler system with enhanced functionality and reliability, increased clarity of audible notifications and the ability to relay notifications to staff desktop computers.

In continuing efforts to improve threat prevention and mitigation methods, the 4th annual Security Risk Assessment was completed. A number of issues were identified and have impelled specific projects in FY2019/20. In addition, the Bank's Anti-fraud Framework was reviewed and enhanced in all areas, with new emphasis placed on staff engagement, awareness and investigation.

In the area of Business Continuity, an awareness programme was conducted in all departments of the Bank to improve knowledge of Emergency and Business Continuity procedures. Through this programme, safety practices and evacuation response times were improved.

To strengthen IT Governance & the Management of IT Related Risk, a targeted schedule of key assessments as well as overall process improvements were planned and executed. Key functional areas which require attention were identified and work was started to assess vulnerabilities and detect weaknesses. Efforts to embed risk management techniques and enhance control processes would intensify in the new financial year. In addition, an

interdepartmental Fintech team was established to enable technological assessments of payment vendors' applications and submissions.

A review was undertaken of the operational elements of the Central Bank Act and a policy proposal document which identified key amendments was drafted for consideration.

Internal assessments and audits were undertaken as planned. Thematic Audits were carried out in Information Technology (an assessment of the Bank's ITGCs - Information Technology General Controls), Banking Operations (an audit of the internal control environment surrounding Key Manual Processes) and in Finance & Accounting. The overall framework for compliance with remedial actions will be strengthened in the coming year through Follow-up Audits.

Several projects were undertaken to facilitate an improvement of the Bank's security arrangements. Included among these was an upgrade of the Access Control and CCTV components of the Integrated Security Management System (ISMS), training programmes aimed at widening the skill set of security personnel and the application of target hardening and anti-surreptitious surveillance measures.

The Bank continued to adhere to the fundamental principles of good public procurement and revised its procurement policy, procedures and guidelines for various functional areas. Interior renovations, exterior building repairs, exterior enhancement works, and upgrades to the Bank's infrastructure were completed during the year to maintain the integrity of the Central Bank building and surrounding areas.

Business processes and practices were improved through a new print management system and a Meeting Room streamlining Initiative that facilitated new and expanded workflows.



New Fire
Alarm System



Interdepartmental
Fintech Team



Revised
Procurement Policy 19

HUMAN RESOURCES

The optimal staffing and training of the human resource component is essential to the smooth and efficient functioning of the organisation. As at September 30, 2019, the Bank's staff complement was 564 persons, of which 538 or 95 per cent of the total staff were permanent and 26 staff or 5 per cent were on long term contracts. During the 2018/19 financial period, the Bank recruited 26 persons - 15 permanent and 11 long term contract staff - including one at the senior managerial level. There were 27 separations from the Bank and 32 promotions, including one to the managerial level.

The policy of mandatory rotation for new staff members was extended to existing employees with a breadth of experience in the Bank. Six new members of staff and three long standing members were rotated for periods of six months.

In terms of performance planning and evaluation, process improvements were made to the Personal Performance Management System (PPMS) to enable employees and supervisors to better navigate the system.

The Bank's training programme was well executed and effective at reaching a wide cross section of staff. More than 90 per cent of the planned in-house training programme was completed as well as a few additional programmes to meet new training needs. As at the end of September 2019, 331 or 59 per cent of staff members participated in training and development programmes, equivalent to 40.1 training hours per employee.

Employee Engagement initiatives continued to be a major focus in 2018/19. The Bank conducted a Staff Opinion Survey in November 2018 – one of the Bank's strategic projects – and rolled out a detailed Bank-wide Action Plan in April 2019 to address areas needing improvement such as: leadership;

internal communication; management/employee relations and people/management practices. In addition to the Bank-wide Plan, several departmental action plans were also created and Suggestion Boxes were placed in easily accessible areas as part of the Bank's commitment to implement suggestions from the Staff Opinion Survey. To promote employee engagement, the mobile App "CB Connect" was launched in November 2018, aimed at helping staff members keep in touch with Bank activities when they are not in the Bank.

In the area of health and wellness, staff benefitted from wellness and nutrition fairs and the extension of the Dietitian's services to December 2018. Staff also engaged in sessions facilitated by Families in Action, the Employees Assistance Programme (EAP) provider, including Treating and Preventing Cardiovascular Disease, Financial Planning and Mentorship. The educational aspect of the annual children's July vacation camp was broadened to include developmental sessions on Bullying, Healthy Nutrition and Dealing with Differently abled persons.

Alternatives to the current working environment were also considered to achieve more productive work solutions. The Bank explored a Work from Home (WFH) option for staff and commenced a pilot WFH arrangement in July 2019 which involved 20 participants from departments across the Bank over a four-month period. Furthermore, the Bank discontinued the extra half-hour of work on a Friday with effect from December 17, 2018.

Negotiations for a Collective Agreement between the Bank and the Banking Insurance and General Workers Union (BIGWU) for the period January 2018 to December 31, 2020 were referred to the Ministry of Labour and Small Enterprise Development for third party conciliation.

FIGURE 1: HUMAN RESOURCE HIGHLIGHTS



ECONOMIC RESEARCH AND STATISTICAL SERVICES

The Bank hosted the Annual Research Review Seminar, which attracted participation from four regional central banks, two locally based international institutions and two local financial institutions. This was the third staging of the Seminar since it was restarted in 2017, and it provided the opportunity for Bank staff to establish links with other agencies involved in economics and finance.

Four working papers were published covering areas such as the impact of external conditions on the local economy; the impact of competition, innovation and risk on bank profitability; using reserve requirements as a macro prudential tool and; the role of Public Private Partnerships in Trinidad and Tobago. In response to its remit in the strategic plan to assess the monetary policy framework and recommend improvements, two special papers were produced entitled "An Assessment of Monetary Policy Operations in Trinidad and Tobago" and "The Feasibility of Adopting Inflation Targeting". In addition, economic intelligence was provided through routine publications including Economic Bulletins, Monetary Policy Reports, the Annual Economic Survey and the Financial Stability Report. The compilation and dissemination of critical economic and financial statistics remained an integral component of these serial publications. Therefore, the improvement of the coverage and quality of the external sector statistics data remained a priority in FY2018/19. Following the 5th CARTAC Technical Assistance mission in March 2019, recommendations continue to be implemented, including the revision of selected services data capture forms and methodologies, the redesign of the private investment data capture form, reconciliation of trade data, investigation into currency and deposits held abroad and the invitation of approximately 120 additional companies to the sample. Also, the rebasing of the Bank's Quarterly Index of Real Economic Activity (QIEA) and its migration to the latest industrial classification standard was completed, and

will be disseminated to the broader public in the January 2020 Economic Bulletin. In support of the Bank's micro- and macro-prudential initiatives, emphasis was placed on the new Basel II/III reporting framework and implementation of the new insurance returns. A data-sharing arrangement was implemented with the DIC to facilitate their role in the deposit insurance framework. To further improve data coverage, quality, consistency and timeliness, an automated data intake system will be implemented in the new financial year.

The Bank's involvement with the Caribbean Economic Research Team (CERT) continued through the development of a website for CERT and the coordination of a research paper on "Reducing Cash use in the Caribbean by 50 per cent in 5 years". The Eastern Caribbean Central Bank and the Central Bank of Barbados were the principal researchers on the paper, which was presented to the CARICOM Governors in May 2019.



Research Review Seminar, 2019

INFORMATION TECHNOLOGY AND KNOWLEDGE MANAGEMENT

In light of emerging trends and increasing technology-related operational risks, the Bank undertook a comprehensive review of the existing information technology infrastructure, applications and internal control processes. The end result was a strategic plan with four key themes that will guide IT activities for the next three years (Figure 2).

Several measures were implemented to protect the Bank's systems and data. These included the deployment of Two Factor Authentication to enhance access controls, a Security Information and Event Management solution to scan for security breaches and a sandboxing solution to isolate malicious attachments. In addition, controls around the Bank's corporate website were enhanced in the wake of increased attacks globally. Alongside as part of the strategic planning process, an Information Technology Risk Council was established to strengthen governance and risk oversight.

The prior year's investment in a redundant core switch was leveraged for greater resiliency in the Bank's network infrastructure. The Bank's wireless network was upgraded to support growing demand for location independent working. In addition, a public wireless system was deployed in the Auditorium, the Museum, the Bank's lobby and the Eric Williams Plaza.

In January 2019, the Bank, in collaboration with CARTAC and the IMF hosted a conference to build Supervisory and IT capacity in the field of Cyber Risk Management. The objective was to enable participants to manage risks within their organization and assess its effective management in the institutions they oversee. Eighty four persons from Information Technology and Supervisory departments of regional Central Banks attended the conference. Speakers were carefully selected to share experiences, best practices and other relevant content tailored to the specific needs of the region.

Ensuring the consistent lifecycle management of the Bank's records remained a priority. As such, improvements were made in the management of the Bank's vital records for critical departments, business continuity and disaster recovery purposes. The Records Management Policy and Procedures Manuals were also reviewed and updated and the Information Governance Framework which establishes the guidelines for information handling, categorisation and proper use was rolled-out. The roll-out of the updated Document Management system, which is a core component in the establishment of a centralised repository of the Bank's documents and records, commenced in FY2018/19.

FIGURE 2: INFORMATION TECHNOLOGY PERFORMANCE HIGHLIGHTS



COMMUNITY ENGAGEMENT AND OUTREACH

From the establishment of the Central Bank Auditorium in 1986 to the opening of the Museum in 2005 and the commencement of the National Financial Literacy Programme in 2006, the Bank continues to focus resources on public education and support of the performing arts. In this financial year, significant strides were made related to social media to supplement traditional education outreach efforts.

FINANCIAL SERVICES

NATIONAL FINANCIAL LITERACY PROGRAMME (NFLP)

During the FY2018/19, the National Financial Literacy Programme (NFLP) engaged 7,206 participants nationwide through 121 financial literacy sessions, expositions and fairs. The NFLP and the Office of the Financial Services Ombudsman (OFSO), together with the National Financial Education Committee (NFEC), participated in the Global Money Week Celebrations 2019, an initiative of Child and Youth Finance International. Approximately 800 students, including 200 from Tobago, were exposed to financial literacy topics surrounding the slogan

Learn.Save.Earn. Activities spanned a period of four days and featured guided museum tours, dramatic presentations and financial education expositions which were focused on promoting responsible financial behaviour among the youth by raising awareness on key financial matters such as budgeting, savings and investing.

In keeping with the thrust of the programme to further its reach, enhance its visibility and audience engagement, a multi-tiered public relations campaign was conducted during the financial year.

November 2018 heralded the website launch <http://www.nflp.org.tt/>. For the period between its launch and the close of September 2019, there were 6,392 visitors and 263,341 hits to the website.

In tandem with the reestablishment of an online presence was the development of social media channels for the NFLP. The programme launched its Facebook and Instagram pages simultaneously with the website (Figure 3).

FIGURE 3: NFLP SOCIAL MEDIA ACHIEVEMENTS



The NFLP continued its work with key stakeholders, providing financial literacy sessions to the students of Civilian Conservation Corps, to the public through a collaboration with the Cipriani College of Labour and Co-operative Studies and employees of the Ministry of Finance. In addition, NFLP collaborated with Trinidad and Tobago Defence Force and reached approximately 300 officers. There were also special initiatives conducted with the Ministry of Social Development and Family Services at their recent Community Outreach Impact Caravan in Fyzabad, Cedros and Point Fortin.

NFLP also partnered with the OFSO on several expositions such as the TTPS Elder Abuse Day, Central Bank Savings Plan Exposition and United Nations Economic Commission for Latin America and the Caribbean (UNECLAC) International Men's Day.



NEFC Stakeholder Meeting, July 2019

OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN (OFSO)

Using the analytics of the public awareness campaign which was launched in the previous period, Instagram and Facebook were utilised to deepen engagement with the public. The OFSO's redesigned website was launched at www.ofso.org.tt. This redesigned website contains several features to enhance the user experience, including interactive online forms for submitting complaints.

The Office was represented at INFO 2019, the flagship conference of the International Network of Financial Ombudsmen in

NATIONAL FINANCIAL LITERACY STRATEGY FOR TRINIDAD AND TOBAGO

In July 2019, the NFEC hosted a National Financial Literacy Strategy Stakeholder Consultation themed Financial Literacy Strategies: International Comparisons and Best Practices. The featured speaker was Dan Iannocola of the Financial Literacy Group¹⁹, who met with several key stakeholders to discuss financial literacy perspectives in Trinidad and Tobago. In May 2019, the Bank welcomed the Mutual Funds Association of Trinidad and Tobago (MFATT) to the NFEC with the official signing of a Memorandum of Understanding (MOU) between Governor Alvin Hilare and Mr. Ronald Carter, President of MFATT. The Committee is charged with the responsibility for developing a Financial Education Strategy which is expected to be completed in early 2020.

Johannesburg, South Africa. The Financial Services Ombudsman chaired the sessions on emerging issues in banking and credit. The main topics engaging the attention of financial ombudsmen across continents were: the trend towards the digitisation of financial services, necessitating safeguards for basic financial services and vulnerable consumers; limited understanding by customers of the terms and conditions of the products and services they access, necessitating plain language and perhaps minimum mandatory disclosures; debt fatigue and irresponsible lending, forcing consumer financial education for win/win solutions.

¹⁹ The Financial Literacy Group works to help government, non-profit and private sector organisations empower people with money management knowledge and skills (<https://financialliteracygroup.com/>).

COMMUNICATIONS

PUBLICATIONS

The routine economic and financial publications remain a major part of the Bank's communication on the country's economic performance, the financial system and the Bank's implementation of monetary policy and role in maintaining financial stability. During the financial year, inter-departmental teams worked to launch the 2018 Annual Economic Survey; Economic Bulletins; Monetary Policy Reports and the 2018 Financial Stability Report. These reports were accompanied by Visual Summaries with an aim to simplify the document's content.



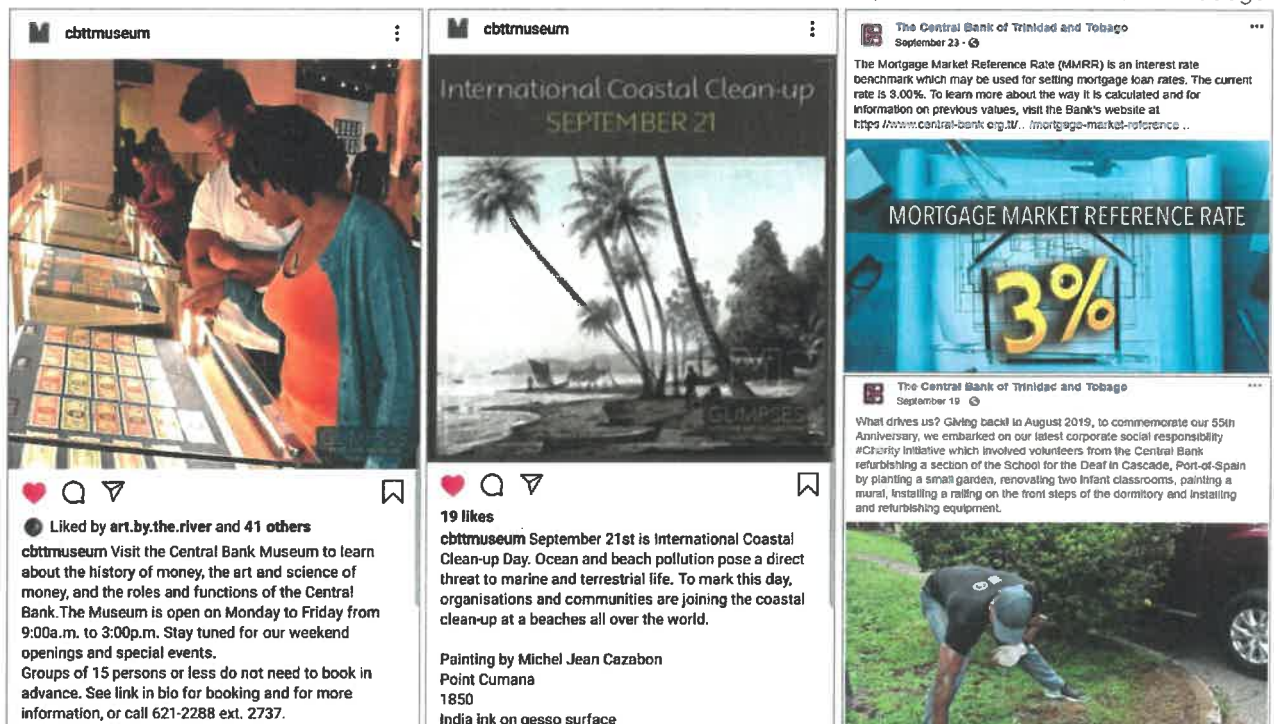
Publication Launches, 2019

SOCIAL MEDIA

To further enhance communication efforts, the Bank expanded its information sharing and community interaction through the use of social media in the financial year 2018/19. In 2019, the Bank launched social media accounts²⁰ on Facebook and Instagram to showcase the activities of the Central Bank, its Auditorium, as well as the Central Bank Museum. The Central Bank's Facebook page is used to share economic and financial content,

information about the roles and functions of the Central Bank and in addition, highlight the Bank's corporate social responsibility endeavours. A separate Facebook page, dedicated to the Central Bank's Auditorium, showcases performances at the venue. Finally, the Central Bank Museum launched its Instagram presence with a focus on highlighting the Bank's numismatic and fine art collection, as well as the numerous outreach activities hosted by the Museum.

Social Media Posts, Central Bank of Trinidad and Tobago



20 Central Bank (Facebook): @centralbanktt; Central Bank Auditorium (Facebook): @cbttdauditorium; Central Bank Museum (Instagram): @cbtmmuseum

OUTREACH

CENTRAL BANK MUSEUM AND ART COLLECTION

After five years, the refurbished and rebranded Central Bank Museum was reopened to the public on January 15, 2019. Exhibits on the history and features of Trinidad and Tobago's currency, economic diversification and the role of the Central Bank feature in the new space, as well as an 'Art Corner' which was developed so that the public can interact with and study the artwork in the Bank's collection done by renowned local artists.

The new Museum is a highly interactive and educational experience and since its reopening has hosted over 6,092 visitors as at September 2019, including students of the Cascade School for the Deaf who were very happy to experience the museum and equally elated to meet and interact with Governor Hilaire.

In keeping with the mission of the Museum, to engage the public and add to the knowledge and experience of the visitors, a special outreach was held to celebrate International Museum Day (May 18). Activities included an open day for the public where a special presentation was made on the theme for the year, "Museums as Cultural Hubs: The Future of Tradition." In keeping with the theme, the Museum offered visitors the opportunity to participate

in and learn about cultural traditions such as basket-weaving, bele dancing, tassa drumming, playing steelpan and stilt walking.

Trinidad and Tobago hosted Carifesta XIV this year from August 16-24. During the Carifesta, the Museum held a number of activities an exhibition, a "Night in the Museum" for staff and film screenings of local films such as "Pan: A Modern Odyssey" and "Green Days by the River." The Museum also held its very first "Art Swap" where young artists were invited to bring works of art and display them in a less formal setting than an exhibition. They had the opportunity to interact with each other as well as other senior artists in the field on many topics including getting feedback on their work.

The Museum believes in its role as an alternative space of learning and will continue to develop exhibits and programming that is in keeping with this mandate, while continually growing and diversifying its visitor base.

On June 14, the 55th Anniversary Edition of the Art Book was launched – this publication is the second of its kind, the first being published in 2004. The publication features the works of art currently in the Bank's collection and serves as a testament to the Bank's continued support of the visual arts. The book is intended to be an educational resource and allows the collection to become more open and easily accessible to the public.

Central Bank Museum



CALYPSO HISTORY MONTH/TUCO

As part of the Bank's contribution to national culture, an annual mini-concert was hosted with the Trinbago Unified Calypsonians Organisation (TUCO) in celebration of Calypso History Month. This edition was entitled "Blast from the Past" and was held on Friday 26 October, 2018 to an enthusiastic audience.

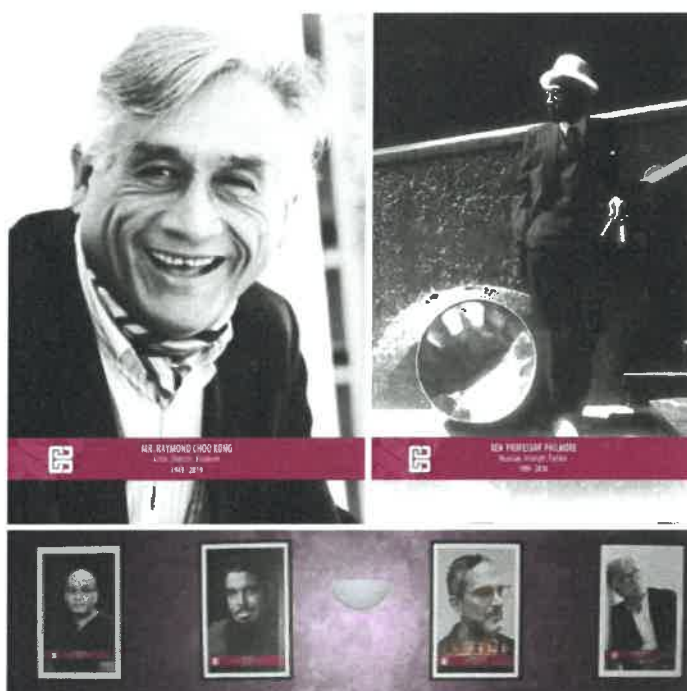


TUCO Mini Concert, 2018

CENTRAL BANK AUDITORIUM

In 2018 the Central Bank Auditorium (the Auditorium) commenced the Art on the Wall montage which was completed and has now become a welcomed feature and gesture by the Bank to the theatre arts fraternity and patrons of the theatre. The wall pays tribute to current and past heroes of the performing arts and as such further contributes to the Bank's mission for the enhancement and upliftment of the various art-forms.

The Auditorium continues to have a robust schedule of programming throughout the year which is in part due to the competitive rental fees when compared to other such performing spaces locally. The audio and lighting systems are state-of-the-art and contribute to the world class performances staged throughout the year at the theatre. The upgrade of light fixtures in the Auditorium to LED was also completed this year and has now become a part of the Bank's Green initiative drive.



Central Bank Auditorium: Art on the Wall

SCHOLARSHIPS AND INTERNSHIPS

The Bank continues to recognise its role in formal education and training. This is facilitated primarily via the De La Rue Scholarship programme and the Vacation Internship Programme (VIP). 2018/19 marked the 15th anniversary of the De La Rue Scholarship, a joint initiative of the Bank with De La Rue of the United Kingdom. Two persons were awarded scholarships for the period – Mr. Isaiah Williams and Mr. Yohance Nicholas, with their fields of study being Project Management and Economics, respectively. Also, existing for 16 years, the VIP exposes interns to on-the-job training and various programmes to assist with the transition from university to the world of work.

VIP Interns, 2019



Mr. Isaiah Williams and Mr. Yohance Nicholas - De La Rue Scholars

SPORTS AND CULTURAL CLUB

The Central Bank Sports and Cultural Club (CBSCC) continued its line of activities in 2018/19. The Club hosted the annual Calypso Competition and After Party in February 2019 which encompassed both current members of staff, as well as retirees. This was followed by the annual Easter Bonnet Parade on April 13, 2019 and the Bank's Sport's Day on June 15, 2019.

The Club hosted events for its members and co-ordinated other events in collaboration with the Bank for the 55th Anniversary, such as the Staff in Concert which was a showcase of the diversity of talent of the Banks' past and present employees.

The CBSCC continued to support all disciplines under its purview, contributing to preparation for the Bank's participation in the 2020 Intra Regional Games which would be held in The Bahamas over the Easter weekend, 2020.

The CBSCC also supported participation in the CariFin Games – a series of sporting and social events that promotes good health and camaraderie within the financial community. The Bank's team secured top spots in various categories of events, as well as secured the overall CARIFIN trophy for the first time since the beginning of the games.

CariFin Games 2019, Awards Ceremony



Staff in Concert, 2019

CariFin Games 2019, CBTT Participants

CBTT Sports Day, 2019

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank strives to be a good corporate citizen, and is guided by a Corporate and Social Responsibility (CSR) policy which focuses on three primary areas – Economic Empowerment, Health and Wellness and Social Development.

During the period the Bank partnered with the Down Syndrome Network and offered a three month internship (April to June 2019) to an individual with Down Syndrome. Six iPhones were also donated to the visually impaired to assist school children with the installation of text to speech software to enhance their independence.

In September 2019 a Charity Initiative at the Cascade School for the Deaf was completed. The Central Bank staff members beautified the spaces occupied by the pupils. A mural with words of wisdom was painted, two classrooms were completely refurbished, new closets were built, the reception area of the dormitory was painted, the play area was cleaned and the grounds were groomed.



Mural at Cascade School for the Deaf, CSR Initiative



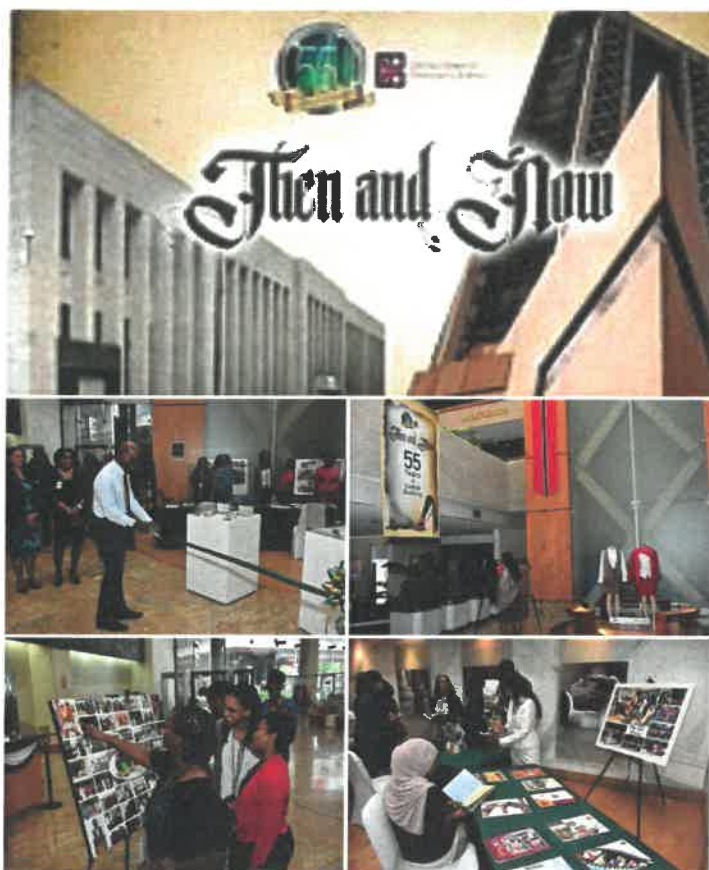
We Care Initiatives

WE CARE

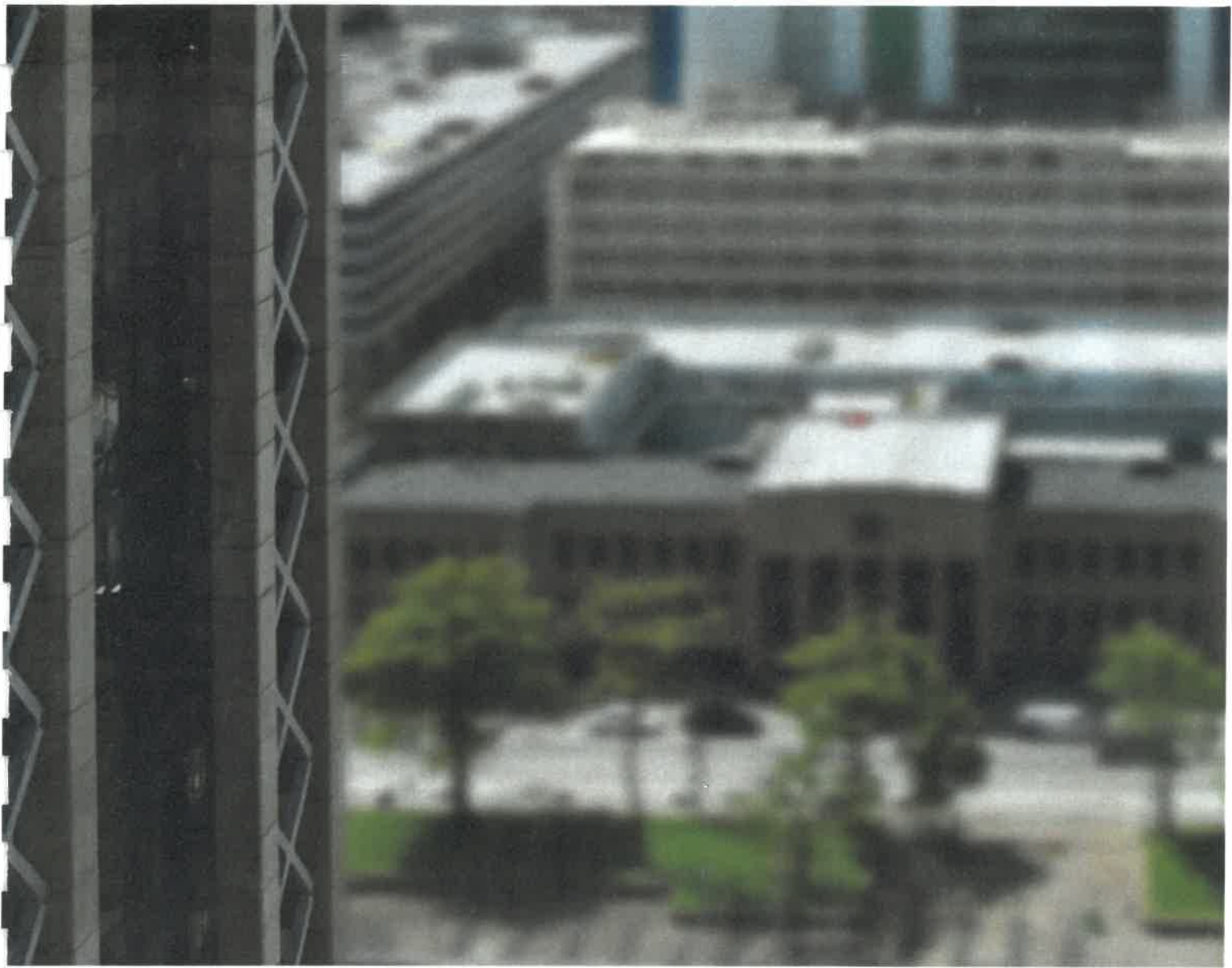
In addition to the efforts by the Bank directly, the We Care Committee, the Bank's charity, embarked on a number of initiatives. These included assisting adults living with cerebral palsy with care packages and hosting a seminar on Good Working Habits for blind and visually impaired young adults. The Committee also supported a cancer patient by paying for therapy sessions, a 13-year-old girl in her quest to have an operation to straighten her legs and a 14-year-old boy with special needs to have dental surgery. At Christmas time, more than 200 hampers were given to underserved families nominated by staff members, and 200 children from all over the country were equipped with new book bags and basic school supplies at the end of the school year in preparation for the following term.

55th ANNIVERSARY CALENDAR OF EVENTS

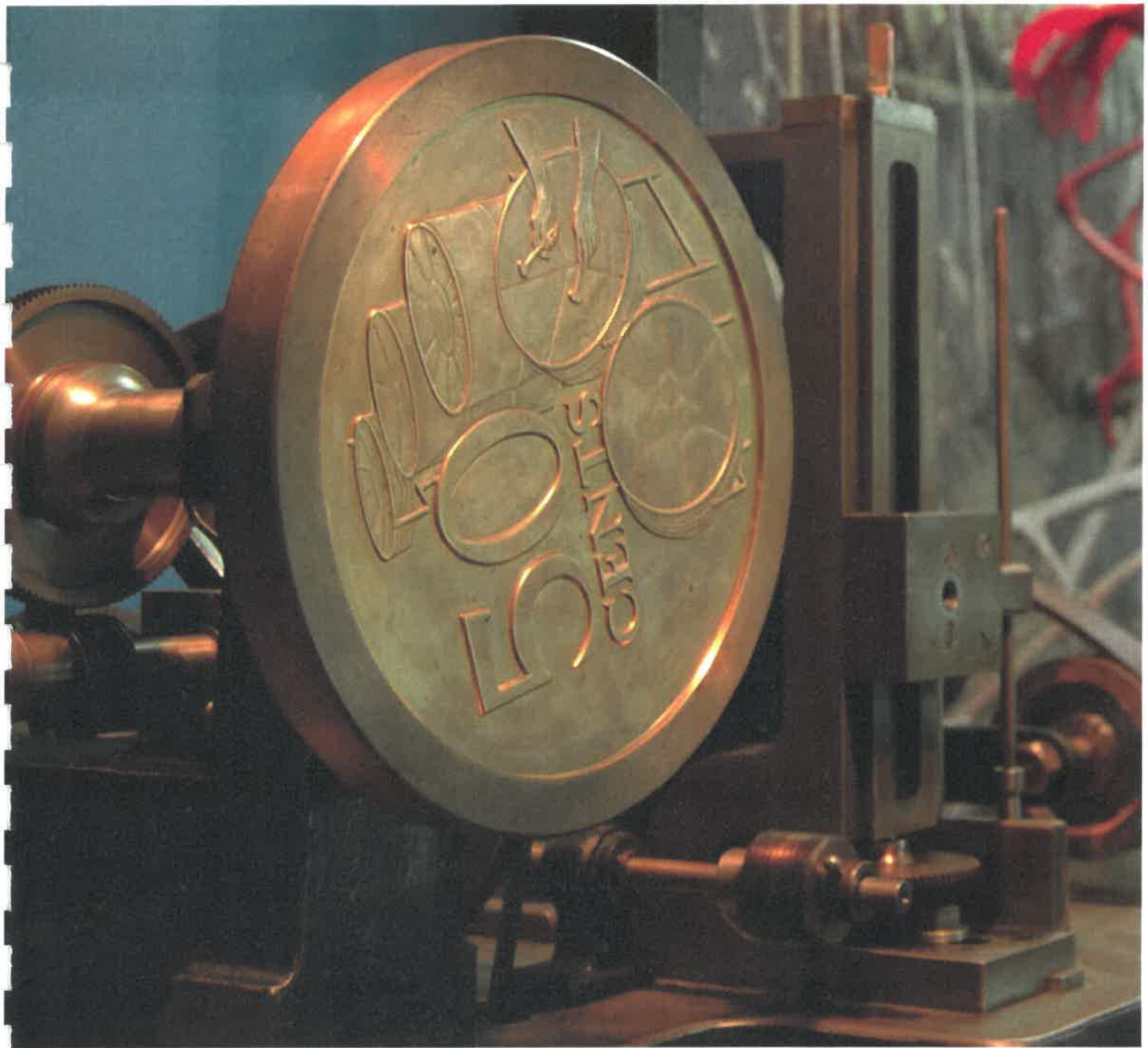
This year the Bank will celebrate its 55th Anniversary on December 12, 2019. To commemorate this auspicious occasion, there were many activities some of which were open to the public. In collaboration with the Corporación Andina de Fomento (CAF) Development Bank of Latin America, who celebrated their 50th Anniversary this year an essay competition for university level students took place. A 'Then & Now' Exhibition put on by staff highlighting aspects of the Bank from its inception in 1964 to 2019 was displayed on the ground floor of the Bank for two weeks. Activities are planned for the rest of 2019, including a Potpourri and Cookout, the launch of two publications – a hardcover coffee table book entitled "An Art Perfected by Practice – The Central Bank of Trinidad and Tobago 1964-2019" and a soft cover magazine entitled "At Your Service – Central Bank of Trinidad and Tobago" – and a Long Service and Appreciation awards ceremony to celebrate staff.



'Then & Now' Exhibition



PART 2



FINANCIAL STATEMENTS

2018-2019



**REPUBLIC OF TRINIDAD AND TOBAGO
AUDITOR GENERAL'S DEPARTMENT**

**REPORT
OF THE
AUDITOR GENERAL**

**OF THE FINANCIAL STATEMENTS OF THE
CENTRAL BANK OF TRINIDAD AND TOBAGO**

FOR THE YEAR ENDED

30 September 2019



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE FINANCIAL STATEMENTS OF THE CENTRAL BANK OF TRINIDAD AND TOBAGO FOR THE YEAR ENDED 30 SEPTEMBER 2019

OPINION

The financial statements of the Central Bank of Trinidad and Tobago (the Bank) for the year ended 30 September 2019 have been audited. The statements as set out on pages 1 to 56 comprise a Statement of Financial Position as at 30 September 2019, and the Statement of Comprehensive Income, a Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 September 2019 and Notes to the Financial Statements numbered 1 to 29, including a summary of significant accounting policies.

2. In my opinion, the Financial Statements as outlined at paragraph one above, present fairly, in all material respects, the financial position of the Central Bank of Trinidad and Tobago as at 30 September 2019 and the related financial performance and its cash flows for the year ended 30 September 2019 in accordance with IFRS except as stated at Note 2a to the Financial Statements.

BASIS FOR OPINION

3. The audit was conducted in accordance with accepted auditing standards. The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Bank in accordance with the ethical requirements that are relevant to the audit of the financial statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above audit opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

5. In preparing the financial statements, management is responsible for assessing the ability of the Bank 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 Bank or to cease operations, or has no realistic alternative but to do so.

6. Those charged with governance are responsible for overseeing the financial reporting process of the Bank.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

7. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit and to report thereon in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and Section 52 (1) and (2) of the Central Bank Act No. 23 of 1964 provide for the Accounts of the Bank to be audited by auditors who shall be appointed by the Board with the approval of the Minister of Finance. The Board on 25 January, 2019 agreed to the appointment of the Auditor General as Auditor of the Accounts of the Central Bank of Trinidad and Tobago. The Minister of Finance on 30 June, 2019 approved the appointment of the Auditor General as Auditor of the Accounts.

8. The Auditor General's 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 audit report that includes her opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards 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.

9. As part of an audit in accordance with accepted auditing standards, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:


- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an 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.
- Obtains 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 internal controls of the Bank.

- Concludes 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 ability of the Bank to continue as a going concern. If the Auditor General concludes that a material uncertainty exists, the Auditor General is required to draw attention in her audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify her opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of her audit report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluates 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.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. The Auditor General is responsible for the direction, supervision and performance of the audit of the Bank. The Auditor General remains solely responsible for her audit opinion.

10. The Auditor General communicates 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 were identified during the audit.



10th DECEMBER, 2019
PORT OF SPAIN


LORELLY PUJADAS
AUDITOR GENERAL

CENTRAL BANK OF TRINIDAD AND TOBAGO
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019
(Expressed in Trinidad & Tobago Dollars)

	Notes	Sep-19 \$'000	Sep-18 \$'000
ASSETS			
Foreign currency assets			
Foreign currency cash and cash equivalents	4	22,610,051	27,623,682
Foreign currency investment securities	5,7	21,966,201	20,685,203
Foreign receivables	9	5,714,663	5,002,112
Subscriptions to international financial institutions	10	5,270,479	5,446,336
International Monetary Fund - Holdings of Special Drawing Rights		2,253,982	2,345,627
		<u>57,815,376</u>	<u>61,102,960</u>
Local currency assets			
Local currency cash and cash equivalents	4	1,225,108	926,917
Local currency investment securities	5, 6,7	168,510	209,672
Retirement benefit asset	8	68,136	93,049
Accounts receivable and prepaid expenses	9	2,203,152	2,215,730
Other assets	11	154,391	177,534
Property, plant and equipment	12	143,542	162,341
Intangible assets	13	11,845	-
Non current assets held for sale	14	20	10,305
		<u>3,974,704</u>	<u>3,795,548</u>
TOTAL ASSETS		<u>61,790,080</u>	<u>64,898,508</u>
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	15	850,212	783,460
International Monetary Fund - Allocation of Special Drawing Rights		2,992,954	3,112,285
Accounts payable	16	6,242,155	5,151,876
		<u>10,085,321</u>	<u>9,047,621</u>
Local currency liabilities			
Demand liabilities - local	15	24,433,849	23,730,205
Accounts payable	16	17,657,039	23,179,893
Provision for transfer of surplus to government		1,883,991	1,471,860
Provisions	17	6,129,880	5,868,929
		<u>50,104,759</u>	<u>54,250,887</u>
CAPITAL AND RESERVES			
Capital	25	800,000	800,000
General reserve		800,000	800,000
		<u>1,600,000</u>	<u>1,600,000</u>
TOTAL LIABILITIES, CAPITAL AND RESERVES		<u>61,790,080</u>	<u>64,898,508</u>



Governor




Deputy Governor

CENTRAL BANK OF TRINIDAD AND TOBAGO
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019
(Expressed in Trinidad & Tobago Dollars)

	Notes	Sep-19 \$'000	Sep-18 \$'000
Income from foreign currency assets			
Investment income	18	1,122,137	937,145
Investment expense		(27,976)	(27,403)
		<u>1,094,161</u>	<u>909,742</u>
Realised loss from currency translations		(98,451)	(105,981)
Net gain/(loss) realised on disposal and amortisation of investments	18	58,605	(83,049)
		<u>1,054,315</u>	<u>720,712</u>
Income from local currency assets			
Interest income	19	1,283,973	1,150,061
Rental income		2,457	2,178
Other income	19	55,610	79,739
		<u>1,342,041</u>	<u>1,231,978</u>
Decrease in provisions		24,925	20,341
Total income		<u>2,421,282</u>	<u>1,973,031</u>
Operating expenses			
Printing of notes and minting of coins	20	48,625	41,297
Salaries and related expenses	21	273,242	252,349
Interest paid		92,919	89,511
Directors' fees		1,452	1,171
Depreciation	12	29,732	28,365
Amortization of intangible assets		960	-
Other operating expenses	22	90,360	88,478
Total operating expenses		<u>537,290</u>	<u>501,171</u>
Net surplus for the period		<u>1,883,991</u>	<u>1,471,860</u>
Total comprehensive income for the period		<u>1,883,991</u>	<u>1,471,860</u>

CENTRAL BANK OF TRINIDAD AND TOBAGO
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019
(Expressed in Trinidad & Tobago Dollars)

	Issued and Fully Paid Up Capital \$'000	General Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 1st October 2017	800,000	800,000	271	1,600,271
Net surplus for the period	-	-	1,471,860	1,471,860
Transfer of surplus to Consolidated Fund	-	-	(1,471,860)	(1,471,860)
Transfer from Retained Earnings	-	-	(271)	(271)
Balance as at 30th September 2018	<u>800,000</u>	<u>800,000</u>	<u>-</u>	<u>1,600,000</u>
Balance as at 1st October 2018	800,000	800,000	-	1,600,000
Net surplus for the period	-	-	1,883,991	1,883,991
Transfer of surplus to Consolidated Fund	-	-	(1,883,991)	(1,883,991)
Balance as at 30th September 2019	<u>800,000</u>	<u>800,000</u>	<u>-</u>	<u>1,600,000</u>

CENTRAL BANK OF TRINIDAD AND TOBAGO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2019
(Expressed in Trinidad & Tobago Dollars)

	Notes	Sep-19 \$'000	Sep-18 \$'000
Cash flows from operating activities			
Net surplus for the year before taxation		1,883,991	1,471,860
Adjustments for:			
Depreciation		29,732	28,365
Amortisation of intangible assets		960	-
Net loss on disposal of fixed assets		244	20
Impairment loss		292	6,088
Interest income		(2,385,662)	(2,069,185)
Interest expense		92,919	89,511
Dividend income		(1,827)	(1,946)
Provisions		(24,925)	(20,341)
		<u>(404,276)</u>	<u>(495,628)</u>
Cash outflows before changes in operating assets and liabilities			
Changes in operating assets and liabilities			
(Increase)/decrease in accounts receivable & prepaid expenses		(728,710)	104,050
(Increase)/decrease in other assets		10,248	(15,619)
Decrease in retirement benefit asset		24,913	13,912
(Decrease) in accounts payable and other liabilities		(3,661,788)	(7,162,448)
Net cash flows (used in)/from operations		<u><u>(4,759,613)</u></u>	<u><u>(7,555,733)</u></u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(24,016)	(30,965)
Proceeds from sale of property, plant and equipment		10,028	-
Net proceeds from (purchase)/sale of investments		(753,040)	6,270,927
Net repayment of loans and advances		64,997	49,590
Interest received		2,414,525	2,034,827
Dividends received		1,827	1,946
Interest paid		(93,338)	(87,269)
Net (increase)/decrease in International Monetary Fund Holding of Special Drawing Rights and Allocation account		(27,686)	27,654
Payment to Consolidated Fund		(1,471,860)	(1,046,636)
Net cash flows from/(used in) investing activities		<u><u>121,437</u></u>	<u><u>7,220,074</u></u>
Cash flows from financing activities			
Lease payment		12,895	12,643
Net cash flows from financing activities		<u><u>12,895</u></u>	<u><u>12,643</u></u>
Net (decrease) in cash and cash equivalents		(4,625,281)	(323,016)
Foreign currency differences in monetary assets & liabilities		(90,159)	(1,513,777)
Cash and cash equivalents, beginning of period	4	28,550,599	30,387,392
Cash and cash equivalents, end of period	4	<u><u>23,835,159</u></u>	<u><u>28,550,599</u></u>

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019
(Expressed in Trinidad & Tobago Dollars)

1. Incorporation & principal activities

The Central Bank of Trinidad and Tobago (the Bank) was established as a corporate body in 1964 under the Central Bank Act (Chapter 79:02). The principal office is located at Eric Williams Plaza, Independence Square, Port of Spain, Trinidad and Tobago.

The Central Bank Act entrusts the Bank with a range of responsibilities, among which is the promotion of monetary, credit and exchange conditions most favourable to the development of the economy of Trinidad and Tobago.

The Bank has the exclusive right to issue and redeem currency notes and coins in Trinidad and Tobago, and is empowered, inter alia, to act as banker for, and render economic, financial and monetary advice to the Government of the Republic of Trinidad and Tobago (GORTT) and open accounts for and accept deposits from the Central Government, Local Government, statutory bodies, commercial banks and other financial institutions. It also has the authority to make advances, purchase and sell discounted bills of exchange and promissory notes on behalf of the above named institutions, and to purchase and sell foreign currencies and securities of other Governments and international financial institutions.

The Bank is also responsible for protecting the external value of the currency, managing the country's external reserves and taking steps to preserve financial stability.

CENTRAL BANK OF TRINIDAD AND TOBAGO
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2019
 (Expressed in Trinidad & Tobago Dollars)

2. Significant accounting policies

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

a. Basis of preparation

These Financial Statements have been prepared on the historical cost basis except for the following:

- Artwork measured at fair value
- Available-for-sale (AFS) financial assets (applicable prior to 1 October 2018)
- Financial assets measured at fair value through profit or loss

These Financial Statements have been prepared in accordance with the Central Bank Act (Chapter 79:02). The Bank has chosen to adopt the recognition and measurement requirements of the International Financial Reporting Standards (IFRS) together with the presentation and disclosure framework in the preparation of these Financial Statements insofar as the Bank considers it appropriate to do so having regard to its functions.

These Financial Statements depart from the IFRS because of the nature of the Bank, including its role in the development of the financial infrastructure of the country as well as the regulations by which it is governed. The IFRS which have not been fully adopted are:

- *IAS 21 – The Effect of Changes in Foreign Exchange Rates*, requires that all unrealised gains and losses be accounted for through the Income Statement. The Central Bank Act requires that the profit for the year be transferred to the Consolidated Fund but does not distinguish between realised and unrealised profits. As such the Bank accounts for all unrealised gains and losses on Changes in Exchange Rates through a Provision for Foreign Currency Exchange Rate Reserves.
- *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*, defines Provisions as liabilities of uncertain timing or amount. The Central Bank Act imposes specific limitations on the scope of the Bank to create reserves and so prepare for certain unforeseen events. The Bank has therefore established Provisions for specific types of transactions and obligations, which would more typically be reflected as various types of reserves under the IFRS. See Note 17.

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019
(Expressed in Trinidad & Tobago Dollars)

2. Significant accounting policies cont'd

a. Basis of preparation cont'd

- *IFRS 7 – Financial Instruments Disclosures*, requires that an entity discloses very detailed information on its investments including information on concentration of risk on investments; geographical information on investments and sensitivity analysis for each type of market risk. The Bank's investment of the country's reserves is managed under strict governance procedures and the Central Bank Act requires that the Bank maintain a prudential level of confidentiality.
- *IAS 39 – Financial Instruments: Recognition and Measurement*, requires that where an asset is classified as *available-for-sale*, the unrealised gains or losses on fair value movements should be recognised directly in Capital and Reserves through the Statement of Changes in Equity. The Central Bank Act imposes specific limitation on the scope of the Bank to create reserves. Therefore, prior to October 1, 2018, the Bank recognised its unrealised gains or losses on the available-for-sale investments under "Provisions" rather than "Reserves".
- *IFRS 9 - Financial Instruments: Classification and Measurement*, requires that where an asset is classified as fair value through profit and loss, the unrealised gains or losses on fair value movements should be recognised through the Statement of Comprehensive Income. The Central Bank Act requires the net profit for the year be transferred to the Consolidated Fund but does not distinguish between realised and unrealised profits. Therefore, the Bank recognises its unrealised gains or losses on these investments under "Provisions".

The accounting treatment adopted for each of these departures is defined in the accounting policies and notes below. The impact of this is reflected in the improved stability in the operations of the Bank. Management considers that these Financial Statements fairly represent the Bank's financial position, financial performance and cash flows.

CENTRAL BANK OF TRINIDAD AND TOBAGO
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2019
 (Expressed in Trinidad & Tobago Dollars)

2. Significant accounting policies cont'd

b. Changes in accounting policies and disclosures

i. New standards and interpretations adopted by the Bank

Effective October 1, 2018, the Bank applied for the first time certain Standards and Amendments, which are effective for annual periods beginning on or after January 1, 2018. The nature and the impact of each new Standard or amendment are described below:

o *IFRS 9 – Financial Instruments: Classification and Measurement*

The Bank has adopted the requirements of IFRS 9 effective October 1, 2018 which introduces new requirements for classifying and measuring financial assets. The classification and measurement, and impairment requirements are applied retrospectively by adjusting the opening balances at the date of initial application, October 1, 2018. As permitted by IFRS 9, the Bank has not restated comparatives for 2018 for financial instruments in the scope of IFRS 9. Differences and adjustments to the carrying amounts of financial assets from the adoption of IFRS 9 at the date of initial application have been recognised in Provisions as of October 1, 2018.

Changes to classification and measurement

The new classification requirements are based on both the entity's business model for managing the financial assets and contractual cash flow characteristics of a financial asset. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). The Standard eliminates the previous IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

Changes to impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Bank's accounting for financial asset impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Bank to record an allowance for ECLs for financial assets measured at amortised cost and FVOCI. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

Details of the Bank's impairment methodology are disclosed in Note 2.i. The quantitative impact of applying IFRS 9 as at October 1, 2018, is disclosed in this Note.

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019
(Expressed in Trinidad & Tobago Dollars)

2. Significant accounting policies cont'd

b. Changes in accounting policies and disclosures cont'd

i. New standards and interpretations adopted by the Bank cont'd

○ IFRS 9 – *Financial Instruments cont'd*

The following table summarises the impact of adopting IFRS 9 on the Bank's statement of financial position as at October 1, 2018:

in TTD \$'000	IAS 39 Carrying Amount as at 30 Sep 2018	Re- classifications	Re- measurement	IFRS 9 Carrying Amount as at 1 Oct 2018
<i>Foreign Currency Assets</i>				
Investment Securities - AFS	20,640,315	-	-	20,640,315
To Investment Securities - FVPL	-	(20,640,315)	-	(20,640,315)
	20,640,315	(20,640,315)	-	-
Investment Securities - FVPL				
From Investment Securities - AFS	-	20,640,315	-	20,640,315
	-	20,640,315	-	20,640,315
Loans and Advances - Amortised Cost	44,888	-	-	44,888
<i>Total Foreign Currency Assets</i>	20,685,203	-	-	20,685,203
<i>Local Currency Assets</i>				
Investment Securities - AFS	25,393	-	-	25,393
To Investment Securities - FVPL	-	(4,422)	-	(4,422)
To Investment Securities - Amortised Cost	-	(20,971)	-	(20,971)
	25,393	(25,393)	-	-
Investment Securities - FVPL				
From Investment Securities - AFS	-	4,422	-	4,422
	-	4,422	-	4,422
Amortised Cost				
From Investment Securities - AFS		20,971	(677)	20,294
Loans and Advances	184,279	-	(155)	184,124
Total Amortised Cost	184,279	20,971	(833)	204,417
<i>Total Local Currency Assets</i>	209,672	-	(833)	208,839
<i>Total Adjusted Assets</i>	20,894,875	-	(833)	20,894,042

As of October 1, 2018, the Bank has re-classified some of its investments in local currency securities, which was previously classified as AFS, at amortised cost. These instruments met the solely payments of principal and interest (SPPI) criterion, were not actively traded and were held with the intention to collect cash flows and without the intention to sell.

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019
(Expressed in Trinidad & Tobago Dollars)

2. Significant accounting policies cont'd

b. Changes in accounting policies and disclosures cont'd

i. New standards and interpretations adopted by the Bank cont'd

o *IFRS 9 Financial Instruments cont'd*

As of October 1, 2018, the Bank has re-classified its foreign currency investments, which was previously classified as AFS, as FVPL as these instruments were actively traded. There will be no impact on reserves and retained earnings for this reclassification as the Central Bank Act requires the net profit for the year be transferred to the Consolidated Fund but does not distinguish between realised and unrealised profits. The Bank will therefore continue to recognise its unrealized gains or losses on these investments under "Provisions" (see Note 2a).

The impact of the transition to IFRS 9 on Provisions is, as follows:

	Gold Reserve \$'000	Foreign Currency Exchange Rate Reserves \$'000	Pension Reserve \$'000	Revaluation Reserve on Investments \$'000	Total \$'000
Closing balance under IAS 39 (Sep 30, 2018)	298,223	5,634,443	93,049	(156,786)	5,868,929
Reclassification of investment securities from AFS/FVOCI to Amortised Cost				(677)	(677)
Opening balance under IFRS 9 (Oct 1, 2018)	298,223	5,634,443	93,049	(157,463)	5,868,252

The following table reconciles the prior year's closing impairment allowance measured in accordance with IAS 39's incurred loss model to the new expected credit loss model in accordance with IFRS 9 at October 1, 2018.

	Financial asset impairment under IAS 39 at Sep 30, 2018 \$'000	Remeasurement \$'000	ECLs under IFRS 9 at Oct 1, 2018 \$'000
Impairment allowance for:			
<u>Local Currency Assets</u>			
Loans and advances (IAS 39)/ Financial assets at amortised cost (IFRS 9)	-	(155)	(155)
	-	(155)	(155)

CENTRAL BANK OF TRINIDAD AND TOBAGO
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2019
 (Expressed in Trinidad & Tobago Dollars)

2. Significant accounting policies cont'd

b. Changes in accounting policies and disclosures cont'd

i. New standards and interpretations adopted by the Bank cont'd

o *IFRS 15 Revenue from Contracts with Customers*

The new standard applies to revenue from contracts with customers and replaced all of the revenue standards and interpretations in IFRS, including IAS 18 – Revenue. This standard provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

The Bank assessed and implemented the relevant changes in order to comply with this standard.

ii. New standards and interpretations that are not yet effective and have not been early adopted by the Bank

There are new standards and amendments to standards and interpretations that are not yet effective for accounting periods beginning on or after January 1 2018 and have not been early adopted by the Bank. The Bank intends to adopt these standards and interpretations, if applicable, when they become effective.

The Bank is currently assessing the impact of adopting these new standards and interpretations. Some of these by nature are not expected to have a significant effect on the Bank's financial statements. However, the impact of adoption depends on the assets and liabilities held by the Bank at the date of adoption; therefore it is not practical to quantify the effect at this time. These standards and amendments include:

o *IFRS 16 – Leases (effective January 1, 2019)*

This new standard was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. This standard establishes principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying assets has a low value. IFRS 16's approach to lessor accounting will not change substantially, lessors will continue to classify leases as either operating or finance.

CENTRAL BANK OF TRINIDAD AND TOBAGO
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2019
 (Expressed in Trinidad & Tobago Dollars)

2. Significant accounting policies cont'd

b. Changes in accounting policies and disclosures cont'd

ii. New standards and interpretations that are not yet effective and have not been early adopted by the Bank

○ IFRS 16 – *Leases (effective January 1, 2019) cont'd*

This standard will replace the following standards and interpretations:

- IAS 17 – Leases
- IFRIC 4 – Determining whether an Arrangement contains a Lease
- SIC – 15 – Operating Leases – Incentives
- SIC – 27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease

Early adoption of this standard is permitted only if IFRS 15 – Revenue from Contracts with Customers has also been adopted. The Bank will assess the impact of this Standard but has decided not to early adopt.

○ IFRS 17 – *Insurance Contracts (effective January 1, 2021)*

IFRS 17 replaces IFRS 4 on accounting for insurance contracts; it establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This standard is not relevant to the Bank as it does not issue insurance contracts.

c. Consolidation

During the last financial year a decision was made by the Board of Directors of the Bank to deregister CB Services Limited, a wholly owned subsidiary of the Bank. A final dividend was paid to the Bank and all assets of CB Services Limited were transferred to the parent company on July 27, 2018. A formal application to the Registrar of Companies to strike off CB Services of the Register of Companies was made by the Bank in September 2018. Therefore the financial statements for the years ended 30 September 2018 and 30 September 2019 represents the Bank's position only.

Section 36(g) of the Central Bank Act empowers the Bank, with the approval of the Minister of Finance, to acquire, hold and sell shares or other securities of any statutory body or company registered under the Companies Act for the purpose of promoting the development of a money or securities market or for financing the economic development of Trinidad and Tobago. The Bank has interests in a number of institutions – the Trinidad and

CENTRAL BANK OF TRINIDAD AND TOBAGO
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2019
 (Expressed in Trinidad & Tobago Dollars)

2. Significant accounting policies cont'd

c. Consolidation cont'd

Tobago Unit Trust Corporation, the Deposit Insurance Corporation, Caribbean Credit Rating and Information Agency, Inter-bank Payments System Limited and the Office of the Financial Services Ombudsman.

In all but the Deposit Insurance Corporation, the Bank has a minority financial interest, in fulfilment of the Bank's role to help promote the development of the country's financial infrastructure. The Deposit Insurance Corporation was established for the protection of depositors in the domestic financial system. While the share capital was paid up by the Bank, the Deposit Insurance Corporation was always conceived to be a separate and independent institution with its own mandate and operates as such. The Financial Statements of these related enterprises have not been consolidated with those of the Bank.

d. Foreign currency translation

i. Functional and presentation currency

The Financial Statements are presented in Trinidad and Tobago dollars, which is the Bank's functional and presentation currency.

ii. Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at the rates of exchange prevailing at the close of business at the Statement of Financial Position date.

Translation gains or losses, at year end exchange rates of these monetary and non-monetary assets and liabilities, are recognised in Provisions – Foreign currency exchange rate reserves.

Foreign currency transactions are translated at the exchange rates prevailing on the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income.

iii. Special Drawing Rights

Transactions with the International Monetary Fund (IMF) are recorded at the local currency equivalent of Special Drawing Rights using rates notified by the IMF. Special Drawing Rights (SDR) are defined in terms of a basket of currencies. To revalue the Bank's holdings of SDRs, the value of the SDR was calculated as a weighted sum of the exchange rates of five major currencies (the US dollar, euro, Japanese yen, pound sterling and the Chinese renminbi) against the Trinidad and Tobago dollar. The TT: SDR rate as at 30 September 2019 was 0.107297 (September 2018 - 0.103183).

CENTRAL BANK OF TRINIDAD AND TOBAGO
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2019
 (Expressed in Trinidad & Tobago Dollars)

2. Significant accounting policies cont'd

e. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of the assets and liabilities within the financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events.

The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are illustrated below:

i. Estimated pension and post-employment medical plan

The estimate of the pension and post-employment medical plan obligations, in relation to the defined benefit plans operated by the Bank on behalf of its employees, are primarily based on the estimation of independent qualified actuaries. The value of the obligations is affected by the actuarial assumptions used in deriving the estimate.

ii. Provision for bad and doubtful debts

Pursuant to Section 35(4) of the Act, provisions are made for bad and doubtful debts in the accounts. In this regard, the relevant assets are shown in the Statement of Financial Position net of the amount which, in the opinion of the Bank, requires a specific provision.

iii. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

iv. Measurement of the expected credit loss allowance

The measurement of expected credit loss allowance for the financial assets measured at amortised cost and FVOCI is an area that requires assumptions about economic conditions and credit behaviour (i.e. the likelihood of customers defaulting and the resulting losses).

CENTRAL BANK OF TRINIDAD AND TOBAGO
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2019
 (Expressed in Trinidad & Tobago Dollars)

2. Significant accounting policies cont'd

e. Critical accounting estimates and judgments cont'd

v. Business Model Assessment

Determining the appropriate business model and assessing the SPPI requirements for financial assets may require significant accounting judgement and have a significant impact on the financial statements (see Note 2.g.).

vi. Estimated replacement value of artwork

The estimated replacement value of artwork was primarily based on the valuation of an independent art consultant. The estimated market value is established based on the valuation report of the condition of the artwork.

f. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise balances with less than or equal to three months to maturity from the date of acquisition. It consists of cash, balances with other banks, short term funds and highly liquid investments, including fixed deposits and reverse repurchases.

g. Investment securities

Under IFRS 9 (Policy applicable from October 1, 2018)

The classification of financial instruments at initial recognition depends on their contractual terms and management's business model for managing the instruments. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities which are recorded at fair value through profit or loss.

From October 1, 2018, the Bank classifies all of its financial assets based on the Bank's business model for managing the assets and the instruments' contractual cash flow characteristics, measured at either:

- Amortised Cost
- Fair value through profit or loss (FVPL)

CENTRAL BANK OF TRINIDAD AND TOBAGO
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2019
 (Expressed in Trinidad & Tobago Dollars)

2. Significant accounting policies cont'd

g. Investment Securities cont'd

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and is not designated as FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and by the sale of financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

The financial assets that are not measured at amortised cost or FVOCI are classified in the category FVPL, with gains and losses arising from changes in the fair value recognised in profit and loss. Management can also, on initial recognition, irrevocably designate a financial asset as measured at FVPL if doing so eliminates or significantly reduce an inconsistency in measurement or recognition that would otherwise result from the measurement of assets or liabilities, and their gains and losses, on different bases.

Business model assessment

Business model assessment entails a determination of the way financial assets are managed in order to generate cash flows. There are three business models available under IFRS 9:

- Hold to collect: it is intended to hold the asset to maturity to earn interest, collecting repayments of principal and interest from the counterparty.
- Hold to collect and sell: this model is similar to the hold to collect model, except that the entity elects to sell some or all of the assets before maturity as circumstances change or to hold the assets for liquidity purposes.
- Other: all those models that do not meet the 'hold to collect' or 'hold to collect and sell' qualifying criteria.

The assessment of business model requires judgement based on facts and circumstances at the date of initial application. The business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios per instrument type and is based on observable factors.

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2. Significant accounting policies cont'd

g. Investment securities cont'd

The Bank determines its business model at the portfolio level (foreign reserves and domestic assets portfolios) as this best reflects the way the Bank manages its financial assets to achieve its business objective. The Bank's business model assessment considers certain qualitative and observable factors that are implicitly in the standards, such as the objectives for each reserve tranche, sales activity, basis for management decisions making, risk parameters, performance evaluation and relative significance of the various sources of income.

Solely Payments of Principal and Interest (SPPI) Test

The Bank assesses the contractual terms of financial assets to determine whether they meet the SPPI test i.e. contractual cash flows that represent solely payments of principal and interest on the principal amount outstanding that are consistent with basic lending arrangements.

'Principal' for the purpose of this test is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as the consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period of time.

If a financial asset is held in either a 'Hold to Collect' or a 'Hold to Collect and Sell' business model, then assessment to determine whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding at initial recognition is required to determine the classification. The SPPI test is performed on an individual instrument basis.

In assessing whether the contractual cash flows are SPPI, the Bank considers whether the contractual terms of the financial asset contain a term that could change the timing or amount of contractual cash flows arising over the life of the instrument which could affect whether the instrument is considered to meet the SPPI test. If the SPPI test is failed, such financial assets are measured at FVPL.

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2. Significant accounting policies cont'd

g. Investment securities cont'd

Under IAS 39 (Policy applicable before October 1, 2018)

Before October 1, 2018, the Bank classified its investment securities in the following four categories: "Held to maturity", "Available-for-sale", "Loans and advances" and "Fair value through profit or loss".

i. Held to maturity

Investments classified as held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank's management has the positive intention and ability to hold to maturity. After initial measurement, held to maturity financial investments are subsequently measured at amortised cost using the Effective Interest Rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. Interest on these investments is recognised in the Statement of Comprehensive Income.

ii. Available-for-sale

These investments are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or to meet the goals of the strategic asset allocation approved by the Board.

They are initially recognised at fair value, (which includes transaction costs), and are subsequently re-measured at fair market value. Unrealised gains and losses on these investments are recognised in Provisions – Revaluation reserve at market value. Regular purchases and sales of financial assets are recognised on the trade date, which is the date on which the Bank commits to purchase or sell the asset.

When the securities are disposed of, the related accumulated fair value adjustments are included in the Statement of Comprehensive Income as realised gains and losses from investment securities.

The Bank has investments in several related companies which are accounted for as available-for-sale investments (see Note 6). None of these equity investments have a quoted market price in an active market and therefore their fair value cannot be reliably measured. The cost of these equity investments is therefore considered a reasonable approximation of fair value.

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2. Significant accounting policies cont'd

g. Investment Securities cont'd

iii. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money or services directly to a counterparty, with no intention of trading the receivable and are carried at their expected realisable value, less any provision for impairment. Interest arrears are accrued and provided for in the current financial period. Determination of allowances for losses is based on an annual appraisal of each loan or advance.

Specific provisions are made when, in the opinion of management, credit risk or other factors make full recovery doubtful. Provisions created, including increases and decreases, are recognised in the Statement of Comprehensive Income.

iv. Fair value through profit or loss

Financial assets at fair value through profit or loss may only be made if the financial asset either contains an embedded derivative or will be managed on a fair value basis in accordance with a documented risk management strategy, or if designating it (and any financial liability) at fair value will reduce an accounting mismatch.

Derivatives are initially recognised in the Statement of Financial Position at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, or valuation techniques, as appropriate. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e., the fair value of the consideration given or received).

A derivative is a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics:

- a. its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- b. it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- c. it is settled at a future date.

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2. Significant accounting policies cont'd

h. Recognition and derecognition of financial instruments

The Bank uses trade date accounting when recording financial asset transactions. Financial assets are derecognised when the contractual right to receive the cash flows from these assets has ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

i. Impairment of financial assets

Policy applicable from October 1, 2018

The adoption of IFRS 9 has fundamentally changed the Bank's accounting for impairment losses on financial assets by replacing IAS 39's incurred loss approach with the forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Bank to record ECLs on all financial assets measured at amortised cost or FVOCI.

IFRS 9 introduces a three-stage approach to impairment of financial assets. The ECL allowance is based on credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The Bank's policies for determining if there has been a significant increase in credit risk for assets carried at amortised cost involves assessing changes in existing arrangements or other related terms which affect credit quality. The 12-month ECL is the portion of lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both lifetime and 12-month expected credit losses are calculated on either an individual basis or a collective basis, depending on the size and nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment of whether a financial instrument's credit risk has increased significantly since initial recognition, at the end of each reporting period. This is undertaken by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank classifies its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: 12 months ECL

When financial assets are first recognised and continue to perform in accordance with the contractual terms and conditions at initial recognition, the Bank recognises a loss allowance based on 12 months ECLs. This represents the portion of lifetime expected

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2. Significant accounting policies cont'd

i. Impairment of financial assets cont'd

credit losses from default events that are expected within 12 months of the reporting date.

Stage 2: Lifetime ECL – not credit impaired

When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs (i.e. reflecting the remaining lifetime of the financial asset).

Stage 3: Lifetime ECL – credit impaired

A financial asset is considered credit impaired based on whether the occurrence of one or more events having a detrimental impact on the estimated future cash flows of that asset. For exposures that have become credit impaired, a lifetime ECL is recognized.

Measurement of expected credit losses (ECL)

The Bank derives ECLs from probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the EIR. The cash shortfall is the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the EIR.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD – The Probability of Default (PD) is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD — The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

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2. Significant accounting policies cont'd

i. Impairment of financial assets cont'd

LGD — The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs.

The mechanics of the ECL method are summarised below:

Stage 1

The 12 months ECL is calculated as the portion of the lifetime expected credit losses that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD.

Stage 2

When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime expected credit losses. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The LGDs are derived as explained under Stage 3 for loans and using Global Credit Loss tables for traded investments and modified with management overlays when not traded.

Stage 3

For financial assets considered credit-impaired, the Bank recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%. In most instances, LGDs are determined on an individual loan/advance or investment basis, including discounting the expected cash flows at the original EIR. Stage 3 LGDs are grouped by similar types to provide percentage averages to be applied for Stage 1 and Stage 2 loans.

In the assessment of its assets carried at amortised cost, the Bank has applied provision matrix based on an entity's historical default rates and adjusted for forward-looking estimates. In its ECL model, the Bank considers a range of forward looking information as economic inputs such as:

- GDP growth
- Inflation rates
- Unemployment rates

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2. Significant accounting policies cont'd

i. Impairment of financial assets cont'd

In reviewing these factors, the Bank observed little correlation between the overall performance of the assets and historic loss trends. It was therefore not possible to directly correlate macroeconomic expectations to adjustments within the ECL model.

The Bank however recognised that the inputs and models used for calculating ECLs may not always capture all characteristics and expectations of the market at the date of the financial statements. To reflect this, management adjustments or overlays may occasionally be made based on expert credit judgement.

Policy applicable before October 1, 2018

The Bank assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i. Financial assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest income'.

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2. Significant accounting policies cont'd

i. Impairment of financial assets cont'd

i. Financial assets carried at amortised cost cont'd

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the Statement of Comprehensive Income.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Bank has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date.

ii. Available-for-sale financial investments

For available-for-sale financial investments, the Bank assesses at each statement of financial position date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as available-for-sale, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest and other income'.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as available-for-sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the

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2. Significant accounting policies cont'd

i. Impairment of financial assets cont'd

ii. Available-for-sale financial investments cont'd

investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised in Provisions – Revaluation reserve at market value.

j. Fair value measurement

The Bank measures certain financial instruments at fair value at each reporting date. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the orderly sale of asset or transfer of liability takes place in the principal market for the asset or liability. In the absence of a principal market, the most advantageous market for the asset or liability is used as the basis for fair value measurement.

The fair value estimate of an asset or liability is based on the assumptions that market participants would use when pricing the asset or liability, assuming the market participants act in their best economic interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques considered to be appropriate in the circumstances for which sufficient data is available and for which the use of relevant observable inputs are maximised. Valuation techniques include the market approach, the cost approach and the income approach.

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2. Significant accounting policies cont'd

j. Fair value measurement cont'd

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the 3 levels of the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement. The levels of the fair value hierarchy are:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable

Further details on fair value measurement are included in Note 7.

k. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

l. Employee benefits

i. Pension benefits

The Bank operates a Defined Benefit Plan (Plan) for all its eligible employees. The assets of the Plan are held in a separate trustee administered plan.

A Defined Benefit Plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension benefit is based on the final salary of the employee.

An asset or liability recognised in the Statement of Financial Position in respect of the Plan is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of the Plan's assets.

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2. Significant accounting policies cont'd

i. Employee benefits cont'd

ii. Pension benefits cont'd

The Plan's accounting costs are assessed on the basis of the Projected Unit Credit Method. A valuation is done every three years by independent actuaries. The last triennial valuation was performed as at 30 September, 2017 and the next valuation would be performed as at 30 September 2020. This is expected to be completed in the next financial year.

In accordance with the advice of the actuaries, the Plan's costs of providing pensions are charged to the Statement of Comprehensive Income in order to spread the regular cost over the service lives of employees. The Bank has adopted the amendments to IAS 19; therefore actuarial gains and losses would no longer be deferred but recognised immediately in the period in which they occur.

The Plan is funded by payments from employees and the Bank, taking into account the recommendations of independent qualified actuaries.

iii. Post-employment medical benefits

The Bank operates a post-employment medical benefit scheme for its retirees, whereby a subsidy is provided for premium due for member only contribution. The method of accounting, assumptions and the frequency of valuations are similar to those used for the defined benefit pension scheme.

m. Notes and coins

The stock of notes and coins is stated at original cost. Issues are accounted for using the First In First Out Method. All associated costs such as shipping, handling and insurance are expensed immediately. Printing and minting costs are expensed when the units of currency are issued and put into circulation.

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2. Significant accounting policies cont'd

n. Leases

i. Operating leases (as lessee)

The leases entered into by the Bank are primarily operating leases. The total payments made under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

ii. Finance leases (as lessor)

Where the Bank grants long-term leases on property, the land and the building are treated as a finance lease. These finance leases are valued at the lower of the gross investment less principal payments and any provisions in the lease, and the present value of the minimum lease payments receivable at the Statement of Financial Position date and are shown as receivable. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

o. Intangible Assets

Where the Bank purchases software that does not relate directly to the operation of related hardware, it will be classified as an Intangible Asset in accordance with IAS 38. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and impairment losses. The useful life of intangible assets are assessed as finite and are amortised over the useful economic life, but generally not exceeding ten years. The amortisation expense on intangible assets is recognised in the Statement of Comprehensive Income.

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2. Significant accounting policies cont'd

p. Property, plant & equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Cost includes the purchase price of the assets plus any further cost incurred in bringing the asset to its present condition and location. Capital work-in-progress are recorded at cost but are not depreciated until the asset is available for its intended use. Any additions or improvements to assets during the year, which significantly add to the value of, or extend the useful life of such assets, are capitalised as part of the cost. All other repairs and maintenance are expensed in the Statement of Comprehensive Income during the financial period in which they were incurred. When an asset is retired or sold, any gain or loss on disposal is recognised in the Statement of Comprehensive Income.

Artwork, which is classified under Fixtures and Fittings, is initially carried at cost. The Bank's Artwork is independently and professionally valued and is carried at its revalued amount, being its fair value at the date of revaluation. Any increase in the carrying amount as a result of the revaluation is recognised in reserves as a provision for revaluation of artwork except to the extent that the increase reverses a revaluation deficit of the Artwork previously recognised in the Statement of Comprehensive Income. The Bank will conduct valuations every five years, with the most recent being performed at September 2017. The next valuation is therefore due September 2022.

Depreciation is charged on a straight-line basis and is applied over the estimated useful lives of the assets, as shown below. Land is not depreciated.

Building	40 years
Building improvements	10 years
Leasehold properties	over the period of the lease
Motor vehicles	4 years
Machinery and equipment	5 years
Computer hardware	3-4 years
Computer software	5-10 years
Furniture	7-10 years
Fixtures and fittings	10 years

The assets' useful lives are reviewed and adjusted if appropriate at each reporting date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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2. Significant accounting policies cont'd

q. Taxation

Section 55(1) of the Central Bank Act exempts the Bank from the provisions of any Act relating to income taxation, company taxation and from the payment of stamp duty.

r. Provisions

The Bank has a policy of providing for all known and foreseeable losses in the accounts and has adopted a prudent approach to provisioning. Provisions shown on the Statement of Financial Position include the Foreign currency translation reserves, Gold revaluation reserves and Market value revaluation reserves.

s. Gold reserve

Gold is valued at the market price prevailing at the year end. No distinction is made between the price and currency revaluation differences for gold. Instead, a single gold valuation is accounted for on the basis of the price in Trinidad and Tobago dollars per troy ounce of gold.

t. Subscriptions to international financial institutions

The Bank acts as financial agent for the GORTT with international financial institutions (See Note 10). In order to provide a more appropriate presentation, these amounts include the portion of the GORTT's contributions issued to these organisations in the form of Promissory Notes where applicable. These balances are stated at cost once there is no quoted market price in an active market and the fair value cannot be reliably determined. For those that are quoted in an active market, the instrument is carried at fair value based on the closing price at year end.

u. Capital

The entire capital of the Bank is held by the GORTT. Provision is made in Section 34(5) of the Central Bank Act for the Paid-up portion of the authorised capital of the Bank to be increased each year by an amount of not less than fifteen percent (15%) of the amount to be paid into the Consolidated Fund, until the Paid-up portion of the Authorised Capital is equal to the Authorised Capital. Currently the Paid up portion of the Authorised Capital of the Bank is equal to the Authorised Capital (see Note 25).

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2. Significant accounting policies cont'd

v. Reserves

Provision is made in Sections 35(3) and 35(6) of the Central Bank Act for the Bank to place in the General Reserve Fund or the Special Reserve Funds, or in both, an amount not exceeding ten percent (10%) of the net surplus of the Bank for each financial year, until the General Reserve Fund is equal to the Authorised Capital. On 30 September 2015, the General Reserve Fund equalled to the amount of the Authorised capital of \$800 million.

w. Transfer of surplus

The Central Bank Act states under section 35(5) that at the end of each financial year, after allowing for the amount referred to in section 35(3), the net profit of the Bank shall be paid into the Consolidated Fund.

x. Revenue recognition

i. *Interest income and interest expense*

Interest income and expense are recognised in the Statement of Comprehensive Income for all interest-bearing instruments on an accruals basis. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discount instruments.

ii. *Dividend income*

Dividend income is recognised when the right to receive payment is established.

iii. *Other income and expenses*

All other significant items of income and expenditure are accounted for on the accruals basis.

y. Comparatives

Where necessary comparative figures have been adjusted to take into account changes in presentation in the current year.

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3. Financial Risk Management

Operational risk is the risk of loss in both financial and non-financial terms resulting from human error and the failure of internal processes and systems. Operational risk management includes bank-wide corporate policies which describe the standard of conduct required of staff and specific internal control systems designed around the particular characteristics of various Bank activities.

In addition to operational risk, the Bank is exposed to various risks arising from its responsibility for the management of the official foreign currency reserves of the country. These risks and the measures taken to mitigate them in the portfolio are as follows:

Credit risk

The Bank takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due.

Credit risk is mitigated by the establishment of counterparty concentration limits and by the establishment of minimum rating standards that each counterparty must attain.

Currency risk

The Bank takes on exposure to fluctuations in the prevailing foreign currency exchange rates on its foreign currency portfolios. Management seeks to mitigate currency risk by aligning the currency composition of the foreign portfolio to the settlement of trade and central government's external debt.

Interest rate risk

The Bank invests in securities and maintains time deposits as a part of its normal course of business. Interest rate risk is the risk of loss arising from changes in prevailing interest rates. The Bank manages this risk by establishing duration limits for the portfolio.

Liquidity risk

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts and maturing deposits.

Liquidity risk is managed by the grouping of reserves into several tranches according to liquidity requirements, and defining specific asset classes and duration limits for each tranche, consistent with its defined liquidity objectives.

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4. Cash and cash equivalents

	Sep-19 \$'000	Sep-18 \$'000
Currency on hand	114,424	67,782
Balances held with banks	2,540,487	1,948,824
Repurchase agreements	2,571,979	1,303,869
Fixed deposits	18,086,836	24,023,112
Short-term investments	521,434	1,207,012
	23,835,160	28,550,599

Represented by:

Foreign currency - cash and cash equivalents

Currency on hand	106,792	63,791
Balances held with banks	1,323,020	1,055,232
Repurchase agreements	2,571,979	1,303,869
Fixed deposits	18,086,836	24,023,112
Short-term investments	521,423	1,177,678
	22,610,051	27,623,682

Local currency - cash and cash equivalents

Cash on hand	7,631	3,991
Balances held with banks	1,217,466	893,592
Short-term investments	11	29,334
	1,225,108	926,917
	23,835,159	28,550,599

Local currency - balances with banks

This balance is comprised mostly of cheque deposits made by the GORTT which are sent for clearance at the commercial banks. These are settled against commercial banks' reserve balances on the next working day.

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5. Investment securities

	Sep-19 \$'000	Sep-18 \$'000
Foreign currency investment securities		
Available for sale	-	20,640,315
Fair value through profit or loss	21,966,201	-
Loans and advances - amortised cost	-	44,888
	21,966,201	20,685,203
Local currency investment securities		
Available for sale	-	25,393
Bonds - amortised cost	6	-
Fair value through profit or loss	4,422	-
Loans and advances - amortised cost	164,082	184,279
	168,510	209,672
Total investment securities	22,134,711	20,894,875
Available for sale		
<i>Foreign currency</i>		
Investment securities	-	20,407,914
Depreciation in market value	-	(199,301)
Appreciation in foreign currency	-	431,702
	-	20,640,315
<i>Local currency</i>		
Bonds	-	20,971
Investments in related enterprises (Note 6)	-	4,422
	-	25,393
Total available for sale investments	-	20,665,708
Fair value through profit and loss		
<i>Foreign currency</i>		
Investment securities	21,896,981	-
Appreciation in market value	69,220	-
	21,966,201	-
<i>Local currency</i>		
Investments in related enterprises (Note 6)	4,422	-
	4,422	-
Total fair value through profit and loss	21,970,623	-

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5. Investment securities cont'd

	Sep-19	Sep-18
	\$'000	\$'000
Amortised cost		
<i>Foreign currency</i>		
Loans and advances	-	44,888
	<u>-</u>	<u>44,888</u>
<i>Local currency</i>		
Loans and advances	164,082	184,279
Bonds	6	-
	<u>164,088</u>	<u>184,279</u>
Total amortised cost	<u>164,088</u>	<u>229,167</u>
Total investment securities	<u>22,134,711</u>	<u>20,894,875</u>

6. Investment in related enterprises

The Bank has an interest in the following related enterprises to help promote the development of the country's financial infrastructure:

	Sep-19	Sep-18
	\$'000	\$'000
Trinidad and Tobago Unit Trust Corporation	2,500	2,500
Deposit Insurance Corporation	1,000	1,000
Trinidad and Tobago Interbank Payments System	922	922
	<u>4,422</u>	<u>4,422</u>

The Bank also has a related interest in the Office of the Financial Services Ombudsman (OFSO). The main objectives of the OFSO are to receive complaints arising from the provision of financial services to individuals and small businesses, and to facilitate the settlement of these complaints. The Ombudsman is provided with a secretariat drawn from or approved by the Central Bank. The remuneration of the Financial Services Ombudsman and the costs of establishing the Ombudsman scheme are borne by the Bank, while recurrent operational costs of the Office are funded by the financial institutions.

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7. Fair value of assets and liabilities

a. Fair value hierarchy

The fair value of the Bank's assets and liabilities are analysed by the fair valuation hierarchy below:

Recurring fair value measurement of assets and liabilities

Quantitative disclosures fair value measurement hierarchy for assets as at 30 September 2019

Financial Assets	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Asset-backed Securities:				
Auto Loan Receivable		1,010,914		1,010,914
Credit Card Receivable		1,183,599		1,183,599
Other Asset-backed Securities		566,377		566,377
Corporate Bonds		4,046,293		4,046,293
Mortgage-backed Securities:				
Federal Home Loan Mortgage Corporation (FHLMC)		447,284		447,284
Federal National Mortgage Association (FNMA)		921,095		921,095
Government National Mortgage Association (GNMA) I		7,931		7,931
Government National Mortgage Association (GNMA) 11		298,490		298,490
Collateralized Mortgage backed Securities (CMO)		48,674		48,674
Government Issues	2,967,078	9,837,296		12,804,374
Gold	620,024			620,024
Investments in related enterprises			4,422	4,422
Municipals		11,144		11,144
Artwork		15,176		15,176
Total	3,587,102	18,394,275	4,422	21,985,799

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7. Fair value of assets and liabilities cont'd

a. Fair value hierarchy cont'd

Recurring fair value measurement of assets and liabilities cont'd

Quantitative disclosures fair value measurement hierarchy for assets as at 30 September 2018

Financial Assets	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Asset-backed Securities:				
Auto Loan Receivable		836,550		836,550
Credit Card Receivable		1,284,394		1,284,394
Other Asset-backed Securities		497,429		497,429
Corporate Bonds		4,876,210		4,876,210
Mortgage-backed Securities:				
Federal Home Loan Mortgage Corporation (FHLMC)		249,211		249,211
Federal National Mortgage Association (FNMA)		613,123		613,123
Government National Mortgage Association (GNMA) I		9,357		9,357
Government National Mortgage Association (GNMA) II		49,791		49,791
Collateralized Mortgage backed Securities (CMO)		58,228		58,228
Other Mortgages				-
Government Issues		11,673,509		11,673,509
Gold	500,800			500,800
Investments in related enterprises			4,422	4,422
Municipals		12,684		12,684
Artwork		14,925		14,925
Total	500,800	20,175,411	4,422	20,680,633

The Bank had no traded financial liabilities at the reporting date.

Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability. Furthermore, the estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates. Consequently, the estimates made do not necessarily reflect the amounts that the Bank could realise in a current market exchange.

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7. Fair value of assets and liabilities cont'd

b. Transfers between fair value hierarchy levels

Government Issues to the amount of \$2.97 billion has been transferred from Level 2 to Level 1 of the fair value hierarchy. Securities held in the Internally Managed Portfolio are being transferred from Level 2 to Level 1 as these securities are priced using quoted market prices obtained from Bloomberg and as such would be classified as a Level 1 asset.

Previously, they were classified as Level 2 assets when the securities were held and priced by the Bank's custodian. However, they are now held with another financial institution and priced using quoted market prices.

c. Level 1 fair values

Assets and liabilities categorized as Level 1 are those whose values are based on quoted market prices in active markets. No adjustments are made to the quoted price when determining the fair value of these assets.

d. Level 2 fair values

Assets and liabilities categorized as Level 2 are valued based on a compilation of primarily observable market information. This includes broker quotes in a non-active market, alternative pricing sources supported by observable inputs and investments in securities with fair values obtained via fund managers.

e. Level 3 fair values

The Bank investments in several related companies are accounted for as fair value through profit or loss (see Note 6). However, none of these equity investments have a quoted market price in an active market and therefore their fair value cannot be reliably measured. The cost of these equity investments is therefore considered a reasonable approximation of fair value.

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8. Retirement benefit asset

	Sep-19 \$'000	Sep-18 \$'000
Consolidated statement of financial position obligations for:		
- Pension plan	102,304	117,524
- Post-retirement medical plan	(34,168)	(24,475)
	<u>68,136</u>	<u>93,049</u>

a) Pension plan

	Sep-19 \$'000	Sep-18 \$'000
Defined benefit obligation	(806,654)	(758,124)
Fair value of assets	908,958	875,648
IAS 19 net defined asset	<u>102,304</u>	<u>117,524</u>

Reconciliation of opening and closing defined benefit

Define benefit asset at prior year end	117,524	129,330
Decrease in pension asset:		
Net pension cost	(15,252)	(27,394)
Re-measurements of net define benefit asset/liability	(13,129)	8,942
Bank contribution paid	13,161	6,646
	<u>(15,220)</u>	<u>(11,806)</u>
Closing defined benefit asset	<u>102,304</u>	<u>117,524</u>

Amounts recognised in the earnings statement

Current service cost	(22,174)	(21,877)
Net interest on net defined benefit liability	7,617	8,113
Past service cost	-	(12,285)
Expense Allowance	(695)	(1,345)
Net pension cost	<u>(15,252)</u>	<u>(27,394)</u>

Re-measurements of net define benefit asset/liability

Experience (losses)/gains	<u>(13,129)</u>	8,942
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	Sep-18	Sep-18
Actuarial assumptions		
Discount rate	6.00%	6.00%
Expected return on plan assets	n/a	n/a
Projected future rate of salary increase	5.15%	5.15%

Value of Pension Scheme Asset

Based on Fair Value at Balance
Sheet Date

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8. Retirement benefit asset cont'd

b) Post-Employment Medical Plan

	Sep-19	Sep-18
	\$'000	\$'000
IAS 19 net defined obligation	<u>(34,168)</u>	<u>(24,475)</u>
Reconciliation of opening and closing defined benefit		
Defined benefit liability at prior year end	<u>(24,475)</u>	<u>(22,369)</u>
Decrease in plan:		
Net benefit cost	(2,648)	(2,513)
Re-measurements of net define benefit asset/liability	(7,946)	(128)
Bank contribution paid	901	535
	<u>(9,693)</u>	<u>(2,106)</u>
Closing defined benefit liability	<u>(34,168)</u>	<u>(24,475)</u>
Amounts recognised in the earnings statement		
Current service cost	(1,196)	(1,185)
Interest on defined benefit obligation	<u>(1,452)</u>	<u>(1,328)</u>
Net benefit cost	<u>(2,648)</u>	<u>(2,513)</u>
Return on plan assets: The plan holds no assets		
Actuarial assumptions		
Medical cost increases	5.00%	5.00%

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9. Accounts receivable and prepaid expenses

	Sep-19 \$'000	Sep-18 \$'000
Foreign receivables		
Pending trades - investments sold	5,581,632	4,840,499
Foreign interest receivable	129,876	158,591
Other receivables	3,155	3,022
	<u>5,714,663</u>	<u>5,002,112</u>
Local receivables		
Interest receivable on domestic investments	142	289
Amounts recoverable from CLF/GORTT (Note 27)	2,169,363	2,194,080
Other receivables	1,629	8,780
Prepayments	10,823	9,957
Suspense accounts- pending transfers	19,626	2,139
Value added tax	1,569	485
	<u>2,203,152</u>	<u>2,215,730</u>

10. Subscriptions to international financial institutions

	Sep-19 \$'000	Sep-18 \$'000
Banco Latino Americano De Exportaciones	21,622	22,690
Caribbean Development Bank	8,194	8,194
Caribbean Information and Credit Rating Services Ltd	1,771	1,772
Corporacion Andina de Formento	727,566	727,749
Inter-American Development Bank	6,695	6,694
International Bank for Reconstruction and Development	119,055	119,085
International Development Association	6,742	6,743
International Finance Corporation	333	333
International Monetary Fund	4,378,501	4,553,076
	<u>5,270,479</u>	<u>5,446,336</u>

The holdings in Banco Latino Americano De Exportaciones (Bladex) are based on a quoted market price off the New York Stock Exchange of US\$ 19.94/share as at 30 September 2019.

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11. Other assets

	Sep-19	Sep-18
	\$'000	\$'000
Leased asset	68,450	81,345
Stock of notes and coins	84,019	94,266
Consumables	1,922	1,923
	154,391	177,534

Leased asset

In 1995 the Bank entered into a thirty-year finance lease agreement with the GORTT for the purchase of the Ministry of Finance Building with a rate of interest of 2%.

	Sep-19	Sep-18
	\$'000	\$'000
Gross receivable due	72,611	87,133
Present value of minimum lease payments	(68,450)	(81,345)
Total unearned finance income	4,161	5,788

Gross receivables due

Not later than one year	14,522	14,522
Later than one year but within five years	58,089	58,089
Later than five years	-	14,522
	72,611	87,133
Less: unearned finance income	(4,161)	(5,788)
Net investment in finance lease	68,450	81,345

The net investment in finance lease is analysed as follows:

	Sep-19	Sep-18
	\$'000	\$'000
Not later than one year	14,237	14,237
Later than one year but within five years	54,213	54,212
Later than five years	-	12,896
	68,450	81,345

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11. Other assets cont'd

Inventory of notes and coins

	Sep-19	Sep-18
	\$'000	\$'000
Notes	74,677	78,477
Coins	9,342	15,789
	84,019	94,266

Inventory of notes

	Sep-19	Sep-18
	\$'000	\$'000
Opening balance	78,477	56,432
Cost of notes issued	(40,516)	(32,750)
Purchase of notes	53,967	54,795
Accruals	(17,251)	-
Closing balance	74,677	78,477

Inventory of coins

	Sep-19	Sep-18
	\$'000	\$'000
Opening balance	15,789	22,167
Cost of coins issued	(6,447)	(4,245)
Write-off (destruction) - net of provision	-	(2,129)
Refund for shortage of coins received	-	(4)
Closing balance	9,342	15,789

The Bank discontinued the issuance of the one cent coins on July 3, 2018. There was also a change in the metallic composition for the other denominations in the same financial year. The stock of one cent pieces together with the other denominations minted with the original metallic composition will no longer be issued.

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12. Property, plant and equipment

	Land & Building	Leasehold Property	Machinery & Equipment	Computer Equipment	Furniture, Fixture & Fittings, Artwork	Capital Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30th September 2019							
Net book value							
Balance b/fwd 01 Oct 2018	77,891	10,649	13,598	14,609	26,183	19,411	162,341
Transfers	5,790	-	3,871	2,383	747	(12,791)	-
Additions	431	-	4,116	4,819	4,010	(2,164)	11,212
Disposals	-	-	(26)	(172)	(81)	-	(279)
Depreciation for the year	(12,094)	(7)	(6,271)	(8,183)	(3,177)	-	(29,732)
	72,018	10,642	15,288	13,456	27,682	4,456	143,542

Represented by:

Cost	431,431	10,923	108,564	79,833	64,216	4,456	699,423
Accumulated depreciation	(359,413)	(281)	(93,276)	(66,377)	(36,534)	-	(555,881)
	72,018	10,642	15,288	13,456	27,682	4,456	143,542

	Land & Building	Leasehold Property	Machinery & Equipment	Computer Equipment	Furniture, Fixture & Fittings, Artwork	Capital Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30th September 2018							
Net book value							
Balance b/fwd 01 Oct 2017	105,190	10,657	13,169	15,435	27,959	3,744	176,154
Transfers	723	-	1,916	3,496	416	(6,551)	-
Impairment Loss	(6,088)	-	-	-	-	-	(6,088)
Non-Current assets now classified as "Held for Sale"	(10,305)	-	-	-	-	-	(10,305)
Additions	267	-	4,350	3,479	651	22,218	30,965
Disposals	-	-	-	-	(20)	-	(20)
Depreciation for the year	(11,896)	(8)	(5,837)	(7,801)	(2,823)	-	(28,365)
Balance c/fwd	77,891	10,649	13,598	14,609	26,183	19,411	162,341

Represented by:

Cost	435,514	10,923	116,197	73,408	61,707	19,411	717,160
Non-Current assets now classified as "Held for Sale"	(10,305)	-	-	-	-	-	(10,305)
Accumulated depreciation	(347,318)	(274)	(102,599)	(58,799)	(35,524)	-	(544,514)
	77,891	10,649	13,598	14,609	26,183	19,411	162,341

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13. Intangible assets

<u>As at 30th September 2019</u>	Intangibles Assets \$'000	Total \$'000
Net book value		
Balance b/fwd 01 Oct 2018	-	-
Additions	12,805	12,805
Depreciation for the year	(960)	(960)
	<u>11,845</u>	<u>11,845</u>
 Represented by:		
Cost	12,805	12,805
Accumulated depreciation	(960)	(960)
	<u>11,845</u>	<u>11,845</u>

14. Non-current assets held for sale

	Sep-19 \$'000	Sep-18 \$'000
Freehold land	20	20
Commercial land and building	-	10,285
	<u>20</u>	<u>10,305</u>

In the previous financial year the Board made a decision to dispose of two properties owned by the Bank. The properties were a commercial building situated at 78 Independence Square, Port of Spain and a parcel of land located at Toco. The properties were classified as held for sale at September 30, 2018 and were reflected in the Financial Statements at the lower of the carrying value and fair value less costs to sell. An impairment loss of \$6.1 million arising out of this reclassification was recognised in the Statement of Comprehensive Income.

During this financial year the property situated at 78 Independence Square, Port of Spain was sold and an additional impairment loss of \$292,480.41 arising from the sale was recognised in the Statement of Comprehensive Income (see Note 22). The parcel of land located at Toco is still available for immediate sale and is being actively marketed. It continues to be reflected in the Financial Statements at the lower of the carrying value and fair value less costs to sell.

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15. Demand liabilities

Demand liabilities - foreign	Sep-19 \$'000	Sep-18 \$'000
Foreign deposits	4,956	4,272
Government special accounts	845,256	779,188
	850,212	783,460
Demand liabilities - local	Sep-19 \$'000	Sep-18 \$'000
Notes in circulation	8,633,381	8,518,214
Coins in circulation	244,959	238,097
Deposits by commercial banks	18,561,593	17,116,422
Deposits by non-banking financial institutions	265,934	181,892
Statutory deposits - insurance companies	20,855	7,550
Deposits by government and government agencies	(9,583,905)	(9,792,163)
Deposits by other current accounts	2,646,344	3,430,560
Deposits by regional and international institutions	419,531	804,449
Promissory Notes due to international financial institutions	3,225,157	3,225,184
	24,433,849	23,730,205

a. Deposits by financial institutions

The required statutory cash reserve ratios for commercial banks and non-bank financial institutions remained unchanged at 17 percent and 9 percent respectively of their prescribed liabilities. Commercial banks' required reserves increased by 2.7 percent as at September 30, 2019 as a result of their higher prescribed liabilities, while requirements for non-banks decreased by 0.7 percent.

b. Promissory Notes due to international financial institutions

The Promissory Note represents amounts due to the International Monetary Fund (IMF), International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD) as part of the arrangement whereby the Bank acts as the Agent for the country.

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16. Accounts payable

Accounts payable - Foreign	Sep-19 \$'000	Sep-18 \$'000
Bilateral accounts	33,212	16,888
Pending trades - investments purchased	6,202,537	5,128,170
Other payables	6,406	6,818
	<u>6,242,155</u>	<u>5,151,876</u>

Accounts payable - Local	Sep-19 \$'000	Sep-18 \$'000
Trade payables and accrued charges	67,109	101,500
Interest payable	4,767	5,186
Unclaimed monies	23,050	21,059
Blocked accounts	17,488,130	23,006,061
Other payables	73,983	46,087
	<u>17,657,039</u>	<u>23,179,893</u>

Blocked accounts

These accounts represent funds withheld when liquidity levels are considered to be too high. Typically these funds are Open Market Operations Instruments (OMO), treasury bills and treasury notes, as well as Government Bonds. The resources absorbed from the system are then sterilized (held in blocked accounts at the Central Bank).

17. Provisions

The Bank has adopted a prudent approach for provisioning in order to maintain adequate capacity to fulfil its functions. This accounting treatment reflects the limitations on the creation of reserves set out in Section 35 of the Central Bank Act. The Act specifies the terms and conditions governing General and Special Reserve funds and the creation of provisions for bad and doubtful debts, depreciation in assets, contributions to staff pension benefits and other contingencies, before payment of the net surplus for the financial year to the GORTT. This is a departure from the definition outlined in IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The provisions shown on the Statement of Financial Position comprise:

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17. Provisions cont'd

Provisions	Sep-19 \$'000	Sep-18 \$'000
Gold reserve	416,903	298,223
Foreign currency exchange rate reserves	5,511,787	5,634,443
Pension reserve	68,136	93,049
Revaluation reserve on investments	133,054	(156,786)
	<u>6,129,880</u>	<u>5,868,929</u>

18. Income from foreign currency assets

	Sep-19 \$'000	Sep-18 \$'000
Investment income		
Interest on United States dollar balances & securities	1,076,958	898,660
Interest on other foreign balances & securities	24,731	20,464
Other income	20,448	18,021
	<u>1,122,137</u>	<u>937,145</u>
Investment expenses	(27,976)	(27,403)
Loss from currency translations	(98,451)	(105,981)
Net gain/(loss) realised on disposal and amortisation of investment		
Gains realised on disposal of investments	61,004	88,153
Losses realised on disposal of investments	(2,399)	(171,202)
	<u>58,605</u>	<u>(83,049)</u>
Total income from foreign assets	<u>1,054,315</u>	<u>720,712</u>

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19. Income from local currency assets

	Sep-19	Sep-18
	\$'000	\$'000
Interest income		
Loans	1,277,643	1,144,361
Other investments	6,330	5,700
	1,283,973	1,150,061
Other income		
General earnings	1,029	20,199
Dividends	155	271
Fees charged to financial institutions	53,101	58,016
Profit on sale of assets	14	-
Other	1,311	1,253
	55,610	79,739

20. Printing of notes and minting of coins

	Sep-19	Sep-18
	\$'000	\$'000
Cost of new notes issued	40,516	32,750
Cost of new coins issued and write off of stock	6,447	7,529
Other printing and minting expenses	1,662	1,018
Total costs for printing of notes and minting of coins	48,625	41,297

21. Salaries and related expenses

	Sep-19	Sep-18
	\$'000	\$'000
Salaries and allowances	206,457	204,227
National insurance	8,107	7,880
Employee benefits- pension and post retirement medical plan (Note 8)	24,913	13,912
Other staff costs	33,765	26,330
	273,242	252,349

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22. Other operating expenses

	Sep-19 \$'000	Sep-18 \$'000
Other operating expenses include:		
Advertising and public relations	2,031	1,490
CL Financial expenses (Note 27)	984	745
Computer expenses	26,083	23,881
Conferences and meetings	2,189	3,476
Contribution to other organizations	2,506	2,036
Electricity	3,869	3,909
Insurance	3,374	3,380
Library expenses	3,905	3,245
Loss on disposal of assets	383	20
Impairment loss on non-current assets held for sale	292	6,088
Maintenance cost	23,233	21,998
Printing and stationery	2,920	3,367
Professional fees	4,774	2,782
Rent	4,364	3,413
Telephone	4,330	4,172
Other expenses	5,123	4,476
	90,360	88,478

23. Capital commitments

There was \$3.8 million in outstanding commitments for capital expenditure as at 30 September 2019 (30 September 2018 - \$1.3 million).

24. Leasehold obligations – operating leases

a. Operating leases where the Bank is the lessor

The Bank currently has one lease arrangement for office space located within the Bank's building. The tenant is charged monthly rental and service fees based on the square footage occupied.

b. Operating leases where the Bank is the lessee

The Bank also leases equipment and premises under operating lease arrangements. The leases have varying terms, escalation clauses and renewal rights.

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25. Capital

	Sep-19 \$'000	Sep-18 \$'000
Authorised capital	<u>800,000</u>	<u>800,000</u>
Paid-up capital	<u>800,000</u>	<u>800,000</u>

26. Related party transactions**a. Government of the Republic of Trinidad and Tobago**

The Bank as part of its regular operations enters into various transactions with the GORTT, state owned entities, state agencies and local government bodies. It should be noted that all transactions are done at arms' length and in accordance with normal business practices. Transactions and balances with the Bank and these entities are listed below:

	Sep-19 \$'000	Sep-18 \$'000
Interest income from local currency assets	1,276,792	1,142,895
Interest expense	59,859	58,208
Assets		
Local currency investment securities	6	20,971
Liabilities		
Demand liabilities - foreign	845,256	779,188
Demand liabilities - local	(8,401,764)	(8,611,099)
Accounts payable	17,488,131	23,006,061

CENTRAL BANK OF TRINIDAD AND TOBAGO
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26. Related party transactions cont'd

b. Related enterprises

These Financial Statements include the following transactions with related enterprises (see Note 6) during the year:

	Sep-19	Sep-18
	\$'000	\$'000
Income		
Dividend Income	155	397
Rental income	243	243
Other income	42	41
	<u>440</u>	<u>681</u>
Expenditure		
Salaries and related expenditure	1,028	1,057
	<u>1,028</u>	<u>1,057</u>
Ending period balances		
Investments in related enterprises	4,422	4,422
Payables to related enterprises	1,450,404	2,236,488

c. Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the key activities of the Bank, directly or indirectly, including all executives, senior, middle and junior managers.

	Sep-19	Sep-18
	\$'000	\$'000
Short-term employee benefits	64,364	62,251
Directors' fees	1,462	1,180

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27. CL Financial group matter

During January 2009, representatives of CL Financial Limited (CLF) met with the Bank and the Ministry of Finance requesting urgent liquidity support for CLICO Investment Bank Limited (CIB), CLICO (Trinidad) Limited (CLICO) and British American Insurance Co (Trinidad) Limited (BAT). On 30 January 2009, in an effort to protect the interest of depositors and policyholders, the Minister of Finance entered into a Memorandum of Understanding with CLF for the provision of liquidity support for CIB, CLICO and BAT under certain conditions.

On 31 January 2009 the Bank assumed control of CIB, under Section 44D of the Central Bank Act (the Act) and consequent to an amendment to the Act, it also assumed control of CLICO and BAT on 13 February 2009.

A resolution strategy with a number of phases was developed to stabilise the activities of CLICO and BAT. A key component of the resolution strategy included the sale of the traditional portfolios of these institutions to a suitable purchaser at prices consistent with independent valuations.

Following a transparent, competitive and rigorous bidding process conducted by CLICO/BAT with Central Bank oversight, Sagicor was selected as the preferred purchaser. Agreements for the transfer of their respective traditional insurance portfolios to Sagicor were executed on September 30, 2019 by CLICO and BAT. In accordance with the Insurance Act Chap. 84:01, Schemes of Transfer are required before the sale can be completed. Sagicor will prepare the Schemes of Transfer in respect of the CLICO and BAT policies for regulatory approvals.

The entire transfer process is anticipated to take several months during which time CLICO and BAT will continue to administer their respective portfolios until the Schemes of Transfer are confirmed. Consistent with the objectives of the resolution strategy, the intended transfer of the traditional insurance portfolios to Sagicor is aimed at safeguarding policyholders' interests and assuring continued financial stability in Trinidad and Tobago.

As a result of these actions the Bank currently has in its Financial Statements the following assets:

	Sep-19 \$'000	Sep-18 \$'000
<u>Assets</u>		
Amounts recoverable from CLF/GORTT	<u>2,169,363</u>	<u>2,194,080</u>

The Bank together with CLICO has initiated civil proceedings against former executives of CLICO. In the context of delays with criminal action, this suit was filed with the dual objective of bringing those responsible to justice and recovering monies spent by the GORTT. The outcome of this matter cannot reliably be estimated at this time.

Legal, consultancy and other costs incurred in relation to all CLF matters have been disclosed in Note 22.

CENTRAL BANK OF TRINIDAD AND TOBAGO
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28. Contingent liabilities

The Bank is currently involved in claims and counterclaims arising from the conduct of its business. Based on the facts currently available to the Bank, it has been concluded that the outcome of these matters would not have a material adverse effect on the position of the Bank.

CENTRAL BANK OF TRINIDAD AND TOBAGO
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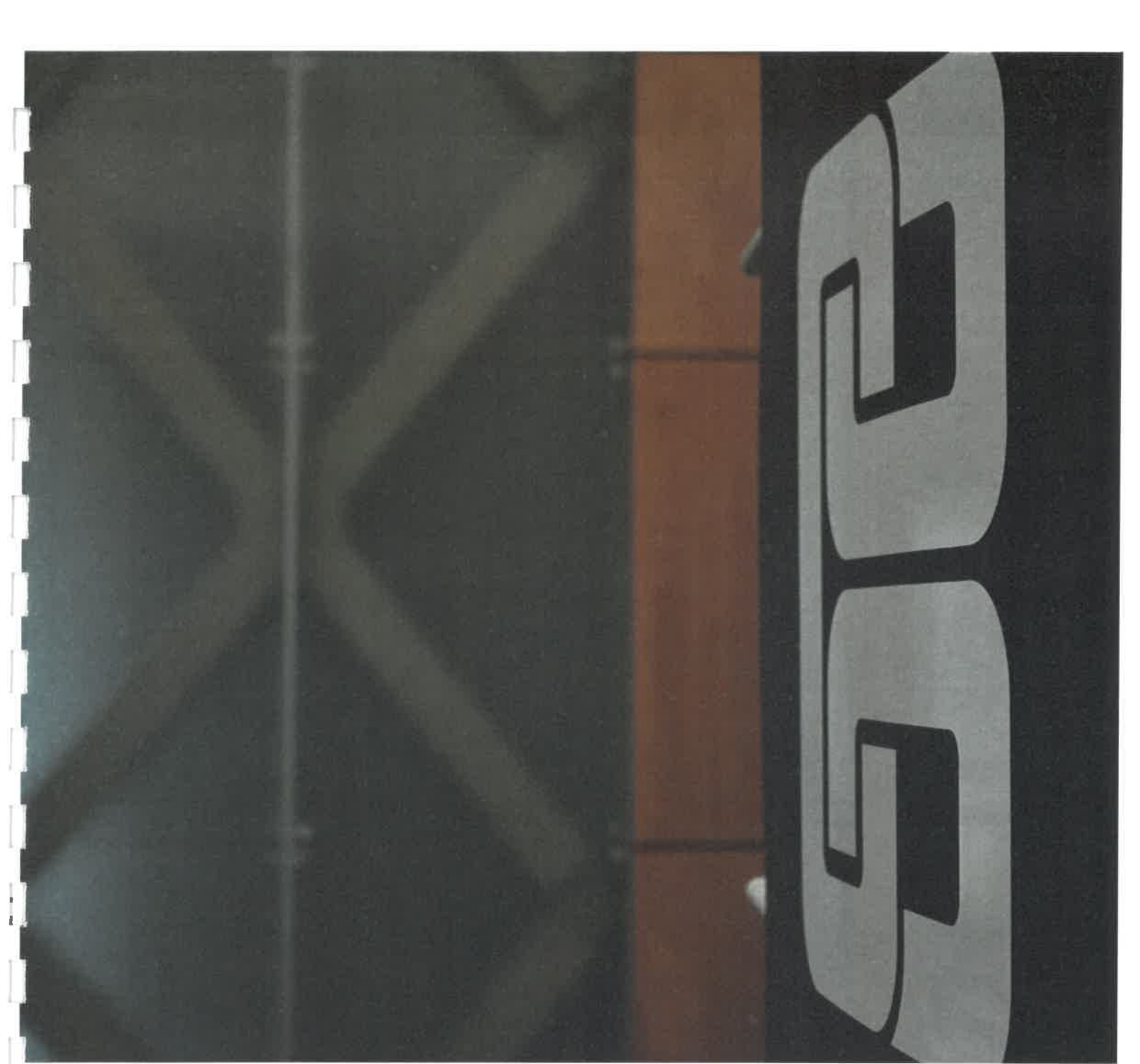
29. Statement of Financial Position – Current/Non-Current distinction

ASSETS	Current \$'000	Sep-19 Non-Current \$'000	Total \$'000
Foreign currency assets			
Foreign currency cash and cash equivalents	22,610,051	-	22,610,051
Foreign currency investment securities	5,238,567	16,727,634	21,966,201
Foreign receivables	5,714,663	-	5,714,663
Subscriptions to international financial institutions	-	5,270,479	5,270,479
International Monetary Fund - Holdings of Special Drawing Rights	-	2,253,982	2,253,982
	33,563,281	24,252,095	57,815,376
Local currency assets			
Local currency cash and cash equivalents	1,225,108	-	1,225,108
Local currency investment securities	35,763	132,746	168,510
Retirement benefit asset	-	68,136	68,136
Accounts receivable and prepaid expenses	2,203,152	-	2,203,152
Other assets	99,095	55,297	154,391
Property, plant and equipment	-	143,542	143,542
Intangible assets	-	11,845	11,845
Non current assets held for sale	20	-	20
	3,563,138	411,566	3,974,704
TOTAL ASSETS	37,126,419	24,663,661	61,790,080
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	850,212	-	850,212
International Monetary Fund - Allocation of Special Drawing Rights	-	2,992,954	2,992,954
Accounts payable	6,242,155	-	6,242,155
	7,092,367	2,992,954	10,085,321
Local currency liabilities			
Demand liabilities - local	24,433,849	-	24,433,849
Accounts payable	12,394,049	5,262,990	17,657,039
Provision for transfer of surplus to government	1,883,991	-	1,883,991
Provisions	701,519	5,428,361	6,129,880
	39,413,408	10,691,351	50,104,759
CAPITAL AND RESERVES			
Capital	-	800,000	800,000
General reserve	-	800,000	800,000
	-	1,600,000	1,600,000
TOTAL LIABILITIES, CAPITAL AND RESERVES	46,505,775	15,284,305	61,790,080

CENTRAL BANK OF TRINIDAD AND TOBAGO
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29. Statement of Financial Position – Current/Non-Current distinction cont'd

ASSETS	Current \$'000	Sep-18 Non-Current \$'000	Total \$'000
Foreign currency assets			
Foreign currency cash and cash equivalents	27,623,682	-	27,623,682
Foreign currency investment securities	6,103,523	14,581,680	20,685,203
Foreign receivables	5,001,991	121	5,002,112
Subscriptions to international financial institutions	-	5,446,336	5,446,336
International Monetary Fund - Holdings of Special Drawing Rights	-	2,345,627	2,345,627
	38,729,196	22,373,764	61,102,960
Local currency assets			
Local currency cash and cash equivalents	926,917	-	926,917
Local currency investment securities	37,290	172,382	209,672
Retirement benefit asset	-	93,049	93,049
Accounts receivable and prepaid expenses	2,213,574	2,156	2,215,730
Other assets	96,189	81,345	177,534
Property, plant and equipment	-	162,341	162,341
Non-current assets held for sale	10,305	-	10,305
	3,284,275	511,273	3,795,548
TOTAL ASSETS	42,013,471	22,885,037	64,898,508
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	783,460	-	783,460
International Monetary Fund - Allocation of Special Drawing Rights	-	3,112,285	3,112,285
Accounts payable	5,151,876	-	5,151,876
	5,935,336	3,112,285	9,047,621
Local currency liabilities			
Demand liabilities - local	23,730,205	-	23,730,205
Accounts payable	173,850	23,006,043	23,179,893
Provision for transfer of surplus to government	1,471,860	-	1,471,860
Provisions	-	5,868,929	5,868,929
	25,375,915	28,874,972	54,250,887
CAPITAL AND RESERVES			
Capital	-	800,000	800,000
General reserve	-	800,000	800,000
	-	1,600,000	1,600,000
TOTAL LIABILITIES, CAPITAL AND RESERVES	31,311,251	33,587,257	64,898,508



APPENDICES

2018-2019

TABLE A.1
CURRENCY IN CIRCULATION
2014 – 2019
(TT\$ '000s)

End of Month	Notes (Old TT)	Notes (Republic)	Total Notes in Circulation	Coins	Total Currency in Circulation
Sep-14	19,044	7,184,467	7,203,511	206,618	7,410,129
Sep-15	19,044	8,239,292	8,258,336	218,238	8,476,574
Sep-16	19,044	8,374,404	8,393,448	229,944	8,623,392
Sep-17	19,044	8,634,825	8,653,869	234,480	8,888,349
Sep-18	19,044	8,495,199	8,514,243	238,088	8,752,331
Oct-18	19,044	8,401,408	8,420,452	238,744	8,659,196
Nov-18	19,044	8,448,947	8,467,991	239,441	8,707,432
Dec-18	19,044	9,127,992	9,147,036	239,839	9,386,875
Jan-19	19,044	8,560,120	8,579,164	240,292	8,819,456
Feb-19	19,044	8,772,223	8,791,267	240,704	9,031,971
Mar-19	19,044	8,616,380	8,635,424	241,142	8,876,566
Apr-19	19,044	8,818,909	8,837,953	241,766	9,079,719
May-19	19,044	8,620,463	8,639,507	242,347	8,881,854
Jun-19	19,044	8,725,776	8,744,820	243,078	8,987,898
Jul-19	19,044	8,677,773	8,696,817	243,694	8,940,511
Aug-19	19,044	8,674,601	8,693,645	244,372	8,938,017
Sep-19	19,044	8,606,726	8,625,770	244,951	8,870,721

Source: Central Bank of Trinidad and Tobago

TABLE A.2
CENTRAL BANK STATEMENT OF LIABILITIES AND ASSETS, 2018 – 2019
(TT\$ '000s)

End of Month	LIABILITIES					ASSETS							Total Assets			
	DEPOSITS					EXTERNAL ASSETS				ASSETS						
	Currency in Circulation Total	Commercial Banks	Non-Bank Financial Institutions	Government & Governmental Organisations	International Organisations	Other Liabilities	Capital & Reserve Funds	Total Liabilities, Capital and Reserves	Balances With Banks Abroad	Other Foreign Securities	Gold Subscription To International Monetary Fund	Subscriptions to International Organisations		SDR's	TT Dollar Securities	Other Assets Including Fixed Asset
2017/18																
OCTOBER	8,900,548	16,676,817	351,334	855,435	3,006,741	40,074,722	1,600,000	71,465,596	29,386,545	25,571,739	4,398,670	898,836	2,267,737	287,144	8,654,925	71,465,596
NOVEMBER	8,923,761	17,870,043	351,873	(362,238)	3,006,741	37,590,006	1,600,000	68,980,186	28,238,943	25,533,752	4,398,670	901,777	2,267,577	222,387	7,417,078	68,980,186
DECEMBER	9,430,478	17,092,333	320,625	246,107	3,059,273	37,744,331	1,600,000	69,493,147	28,336,567	26,305,315	4,475,522	900,906	2,307,195	224,040	6,943,601	69,493,147
JANUARY	8,841,864	19,003,208	351,573	963,664	3,059,273	35,557,409	1,600,000	69,376,990	28,576,323	24,704,921	4,475,522	900,685	2,307,195	224,138	8,188,207	69,376,990
FEBRUARY	8,828,789	18,310,095	324,427	(684,591)	3,059,273	36,746,749	1,600,000	68,184,742	26,781,429	25,289,746	4,475,522	898,718	2,306,854	222,755	8,209,717	68,184,742
MARCH	8,954,477	16,610,915	323,359	(1,086,273)	3,059,273	37,261,113	1,600,000	66,722,465	26,040,791	25,342,825	4,475,522	899,160	2,306,854	214,288	7,443,025	66,722,465
APRIL	8,825,442	17,441,439	331,699	(642,245)	3,112,285	37,769,201	1,600,000	68,437,822	27,862,298	23,296,014	4,553,076	898,156	2,346,777	214,017	9,267,484	68,437,822
MAY	8,978,773	17,464,633	355,587	(3,446,761)	3,112,285	37,972,835	1,600,000	66,037,351	29,916,899	21,341,449	4,553,076	898,686	2,346,248	215,760	6,765,234	66,037,351
JUNE	8,815,813	17,434,452	359,375	(3,858,054)	3,112,285	38,785,251	1,600,000	66,249,122	28,630,146	21,839,497	4,553,076	897,211	2,346,248	217,676	7,765,270	66,249,122
JULY	8,865,085	18,309,240	313,420	(2,881,689)	3,112,285	36,198,830	1,600,000	65,517,170	28,119,861	21,880,659	4,553,076	896,390	2,346,248	209,593	7,511,344	65,517,170
AUGUST	8,818,785	19,309,220	189,140	(1,576,359)	3,112,285	32,041,477	1,600,000	63,494,548	27,964,334	20,978,124	4,553,076	891,465	2,345,627	210,629	6,551,294	63,494,548
SEPTEMBER	8,756,312	17,116,422	181,892	(2,331,970)	3,112,285	36,463,567	1,600,000	64,898,508	27,623,682	20,685,203	4,553,076	893,260	2,345,627	209,672	8,587,988	64,898,508
2018/19																
OCTOBER	8,663,905	16,052,200	196,106	(3,318,221)	3,112,285	38,198,893	1,600,000	64,505,169	27,121,658	20,779,902	4,553,076	896,967	2,345,627	209,074	8,598,865	64,505,169
NOVEMBER	8,711,969	17,614,496	183,738	(4,342,932)	3,112,285	37,611,787	1,600,000	64,491,344	27,550,103	20,626,619	4,553,076	899,844	2,344,985	209,105	8,307,611	64,491,344
DECEMBER	9,394,669	15,965,736	183,296	(3,497,947)	3,003,984	38,743,260	1,600,000	65,392,998	28,205,516	20,557,922	4,394,638	893,154	2,263,385	210,187	8,868,195	65,392,998
JANUARY	8,827,454	16,538,855	182,448	(3,442,080)	3,003,984	36,637,132	1,600,000	63,347,793	28,465,849	21,053,218	4,394,638	890,952	2,263,385	231,345	6,048,406	63,347,793
FEBRUARY	9,040,321	16,175,807	180,786	(4,355,554)	3,003,984	37,653,149	1,600,000	63,298,494	27,626,712	21,368,027	4,394,638	892,472	2,262,890	230,008	6,523,747	63,298,494
MARCH	8,884,105	15,760,123	177,121	(4,598,786)	3,003,984	37,786,097	1,600,000	62,512,644	26,496,110	21,550,899	4,394,638	892,305	2,262,890	199,092	6,716,710	62,512,644
APRIL	9,085,718	15,645,237	170,290	(4,216,399)	3,005,109	36,886,983	1,600,000	62,176,937	26,093,008	21,662,697	4,396,283	894,095	2,263,690	198,489	6,668,675	62,176,937
MAY	8,888,767	18,116,875	184,454	(4,050,187)	3,005,109	32,890,668	1,600,000	60,635,685	24,201,690	22,147,792	4,396,283	890,002	2,263,405	205,059	6,531,455	60,635,685
JUNE	8,995,722	17,614,739	186,799	(3,448,633)	3,005,109	32,466,884	1,600,000	60,420,620	22,913,528	22,615,963	4,396,283	893,176	2,263,404	200,077	7,138,189	60,420,620
JULY	8,947,232	18,025,058	193,679	(4,395,840)	2,992,954	31,535,310	1,600,000	58,895,393	21,195,351	21,982,479	4,378,501	895,475	2,254,249	198,879	7,993,459	58,895,393
AUGUST	8,947,404	17,819,323	195,149	(2,763,860)	2,992,954	32,075,066	1,600,000	60,866,036	23,289,247	22,925,004	4,378,501	892,758	2,253,982	199,032	6,927,511	60,866,036
SEPTEMBER	8,878,340	18,561,593	265,934	(3,292,874)	2,992,954	32,784,133	1,600,000	61,790,080	22,610,051	21,966,201	4,378,501	891,978	2,253,982	168,510	9,520,858	61,790,080

Source: Central Bank of Trinidad and Tobago

1 Includes Exchequer, Trust Funds and Other Public Deposits, Government SDR Allocation and Other Deposits

2 Includes Foreign Currencies on hand

TABLE A.3
COMMERCIAL BANKS:
AVERAGE DEPOSIT LIABILITIES AND REQUIRED AND ACTUAL CASH RESERVES
for Period Ending September 2019
(TT\$ '000s)

Reserve Period Ending	Average Deposit Liabilities	Required Cash Reserves	Average Cash Reserves
3-Oct-18	79,354,847	13,490,324	16,366,265
10-Oct-18	80,146,718	13,624,942	16,091,395
17-Oct-18	80,090,871	13,615,448	15,505,665
24-Oct-18	79,841,500	13,573,055	15,519,867
31-Oct-18	79,549,459	13,523,408	16,052,200
7-Nov-18	78,926,035	13,417,426	16,751,750
14-Nov-18	78,727,347	13,383,649	16,391,388
21-Nov-18	78,843,606	13,403,413	16,627,969
28-Nov-18	79,055,918	13,439,506	18,559,072
5-Dec-18	79,359,653	13,491,141	18,188,421
12-Dec-18	79,523,653	13,519,021	17,031,853
19-Dec-18	80,281,347	13,647,829	16,375,871
26-Dec-18	80,893,388	13,751,876	16,165,793
2-Jan-19	81,585,259	13,869,494	15,561,546
9-Jan-19	82,173,529	13,969,500	15,854,688
16-Jan-19	81,911,094	13,924,886	16,464,713
23-Jan-19	81,689,376	13,887,194	16,550,465
30-Jan-19	81,450,371	13,846,563	16,592,310
6-Feb-19	81,431,506	13,843,356	16,934,609
13-Feb-19	81,390,559	13,836,395	16,817,611
20-Feb-19	81,378,212	13,834,296	16,460,835
27-Feb-19	81,230,106	13,809,118	15,750,567
6-Mar-19	80,885,994	13,750,619	18,089,841
13-Mar-19	80,585,776	13,699,582	16,373,222
20-Mar-19	80,477,318	13,681,144	17,555,204
27-Mar-19	80,580,729	13,698,724	15,662,164
3-Apr-19	80,962,924	13,763,697	15,930,896
10-Apr-19	81,484,118	13,852,300	16,240,462
17-Apr-19	81,687,624	13,886,896	15,802,507
24-Apr-19	81,587,847	13,869,934	16,180,287
1-May-19	81,286,124	13,818,641	15,925,108
8-May-19	80,909,082	13,754,544	17,907,507
15-May-19	80,647,406	13,710,059	17,064,410
22-May-19	80,567,106	13,696,408	18,218,949
29-May-19	80,591,506	13,700,556	17,930,256
5-Jun-19	80,846,535	13,743,911	18,387,386
12-Jun-19	80,937,524	13,759,379	19,137,370
19-Jun-19	80,930,206	13,758,135	19,130,982
26-Jun-19	80,939,224	13,759,668	18,795,591
3-Jul-19	80,708,835	13,720,502	17,077,842
10-Jul-19	80,981,018	13,766,773	17,443,003
17-Jul-19	80,705,100	13,719,867	16,868,137
24-Jul-19	80,486,029	13,682,625	17,504,542
31-Jul-19	80,225,929	13,638,408	18,025,058
7-Aug-19	79,754,182	13,558,211	18,448,521
14-Aug-19	79,948,924	13,591,317	18,446,606
21-Aug-19	80,115,535	13,619,641	17,534,681
28-Aug-19	80,432,618	13,673,545	17,737,871
4-Sep-19	80,491,129	13,683,492	19,034,825
11-Sep-19	80,649,794	13,710,465	20,548,716
18-Sep-19	80,815,894	13,738,702	18,238,106
25-Sep-19	80,878,847	13,749,404	18,593,190

Source: Central Bank of Trinidad and Tobago

TABLE A.4
NON-BANK FINANCIAL INSTITUTIONS:
AVERAGE DEPOSIT LIABILITIES AND REQUIRED AND ACTUAL CASH RESERVES
for Period Ending September 2019
(TT\$ '000s)

Reserve Period Ending	Average Deposit Liabilities	Required Cash Reserves	Average Cash Reserves
3-Oct-18	1,964,211	176,779	204,831
10-Oct-18	2,015,156	181,364	209,762
17-Oct-18	2,070,078	186,307	214,722
24-Oct-18	2,098,189	188,837	217,604
31-Oct-18	2,083,644	187,528	196,106
7-Nov-18	2,030,822	182,774	191,844
14-Nov-18	1,995,111	179,560	188,361
21-Nov-18	1,950,067	175,506	184,287
28-Nov-18	1,944,356	174,992	191,757
5-Dec-18	1,954,522	175,907	184,654
12-Dec-18	1,941,878	174,769	183,674
19-Dec-18	1,937,567	174,381	183,398
26-Dec-18	1,933,100	173,979	183,422
2-Jan-19	1,926,967	173,427	182,864
9-Jan-19	1,923,222	173,090	182,532
16-Jan-19	1,919,289	172,736	185,295
23-Jan-19	1,916,022	172,442	181,848
30-Jan-19	1,920,333	172,830	182,448
6-Feb-19	1,912,500	172,125	181,685
13-Feb-19	1,917,444	172,570	183,557
20-Feb-19	1,918,744	172,687	182,064
27-Feb-19	1,903,656	171,329	180,786
6-Mar-19	1,902,256	171,203	180,358
13-Mar-19	1,887,422	169,868	178,974
20-Mar-19	1,875,900	168,831	177,931
27-Mar-19	1,862,856	167,657	178,455
3-Apr-19	1,847,322	166,259	175,784
10-Apr-19	1,832,844	164,956	169,536
17-Apr-19	1,826,600	164,394	169,845
24-Apr-19	1,836,589	165,293	175,302
1-May-19	1,850,489	166,544	170,391
8-May-19	1,864,933	167,844	171,497
15-May-19	1,921,178	172,906	176,292
22-May-19	1,976,867	177,918	181,033
29-May-19	2,018,422	181,658	184,454
5-Jun-19	2,058,500	185,265	187,890
12-Jun-19	2,048,867	184,398	187,182
19-Jun-19	2,040,589	183,653	188,008
26-Jun-19	2,038,811	183,493	186,807
3-Jul-19	2,033,167	182,985	186,948
10-Jul-19	2,026,767	182,409	186,624
17-Jul-19	2,052,033	184,683	189,328
24-Jul-19	2,073,767	186,639	191,713
31-Jul-19	2,095,100	188,559	193,679
7-Aug-19	2,118,678	190,681	196,616
14-Aug-19	2,109,300	189,837	195,540
21-Aug-19	2,108,844	189,796	195,241
28-Aug-19	2,110,811	189,973	195,090
4-Sep-19	2,099,656	188,969	195,096
11-Sep-19	2,102,811	189,253	194,342
18-Sep-19	2,157,156	194,144	259,028
25-Sep-19	2,232,489	200,924	265,684

Source: Central Bank of Trinidad and Tobago



CENTRAL BANK OF
TRINIDAD & TOBAGO