



CENTRAL BANK OF  
TRINIDAD & TOBAGO

# ANNUAL REPORT 2020



# OUR VISION

The Bank shall have as its purpose the promotion of such monetary, credit and exchange policies as would foster monetary and financial stability and public confidence and be favourable to the economy of Trinidad and Tobago.





ANNUAL REPORT  
**2020**

# OUR PURPOSE

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.





CENTRAL BANK OF  
TRINIDAD & 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
- (g) generally have the powers and undertake the duties and responsibilities assigned to it by any other law.



CENTRAL BANK OF  
TRINIDAD & TOBAGO

## **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



CENTRAL BANK OF  
TRINIDAD & TOBAGO

December 15, 2020

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

**CB-G-121/2020**

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, 2020.

Governor





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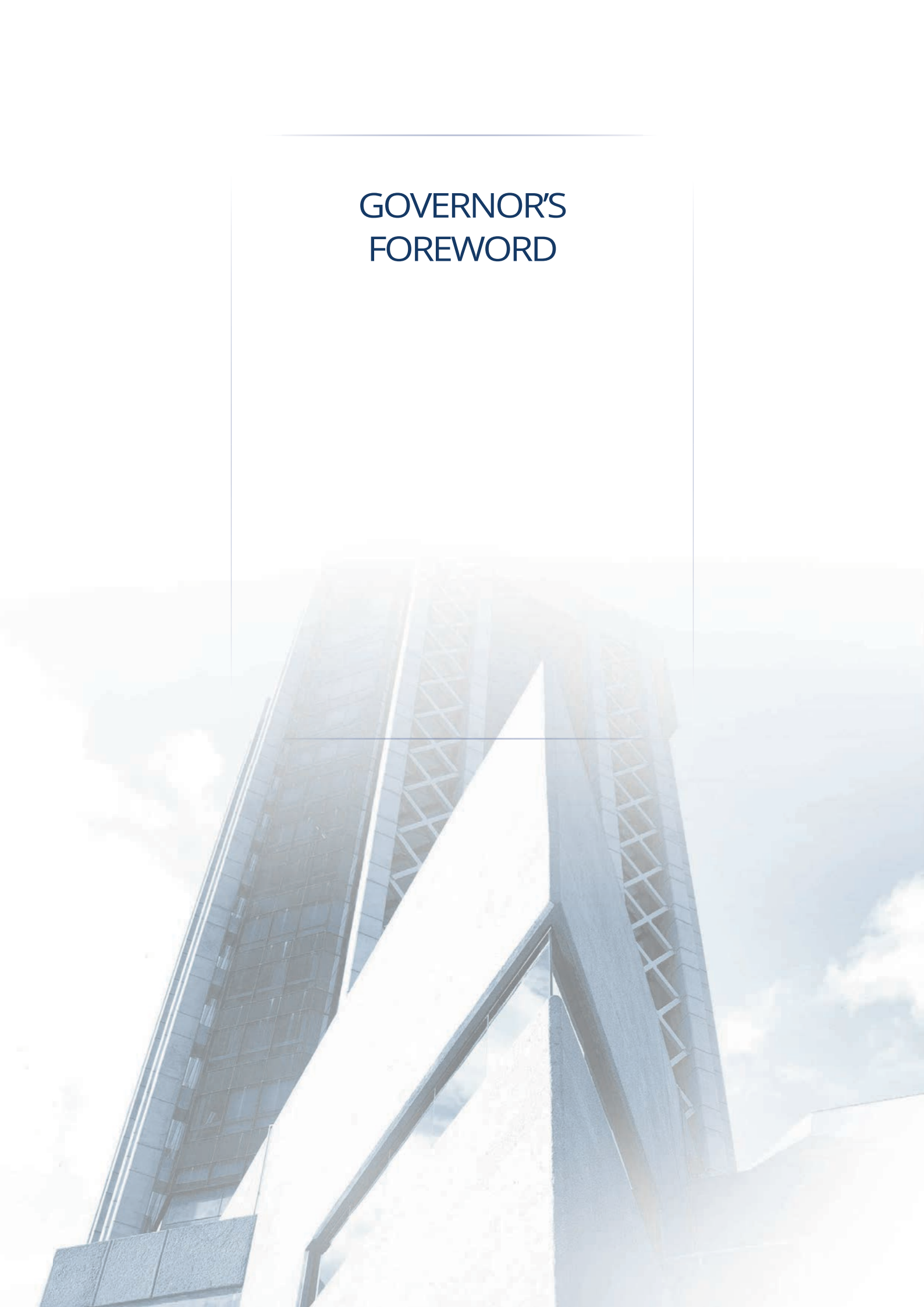
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# PART 1



# GOVERNOR'S FOREWORD





Dr. Alvin Hilaire  
Governor, Chairman of the Board

## *Governor's Foreword*

The Central Bank remained resilient and steadfast amid the uncertainty and uniquely challenging circumstances of Financial Year (FY) 2019/20. In the face of the COVID-19 coronavirus crisis, the Bank took strong and early action by adjusting its monetary policy stance in response to the “new normal”. Among the other key achievements during FY2019/20 were the rapid demonetization of the \$100 cotton note and replacement by a polymer note in the context of a major national security operation, the development of a payments system “Innovation Hub” and meaningful advances in fortifying the legislative framework for financial sector supervision. Operations within the Bank adapted dramatically towards more electronic interfaces and Work from Home arrangements to assure staff safety, while maintaining high quality and efficient service.

Internationally, the COVID-19 pandemic wreaked havoc on the global economy in FY2019/20. The onset and spread of the virus and measures by governments throughout the world to limit its impact constrained aggregate demand, disrupted supply chains and shook commodity and financial markets, heightening volatility and increasing uncertainty. Instead of global growth stabilising, as was expected owing to the easing of trade tensions, economic activity worldwide deteriorated significantly, and many countries were plunged into severe recessions. The effects on tourism-dependent and other Caribbean nations were particularly stark and Central Bank personnel participated in many regional and international fora geared to supporting the region.

Local production of energy commodities was affected by the weakness in the global energy environment. Economic activity in the non-energy sector was curtailed by the implementation of public health measures, a “Stay-at-Home” Order and the closure of many businesses, in line with national efforts to contain the virus. Against this background, the unemployment situation worsened as workers were faced with layoffs, pay cuts, reduced working hours and furloughed employment. The slump in energy prices, far below pre-pandemic levels, had direct repercussions on Government revenues and the fiscal deficit. Nevertheless, the fiscal response to the pandemic was rapid, and focused on assisting cash-strapped businesses and households in which income was lost. At the same time inflation remained very low, hovering around 0.5 per cent, while credit growth was sluggish.



In the context of the twin shocks — the enormous range of the pandemic and the energy price drop — the Bank took strong monetary policy action to support financial activity in the weakened economy. On March 17, 2020, the Repo rate was lowered by an unprecedented 150 basis points to 3.50 per cent and the primary reserve requirement applicable to commercial banks was reduced by 3 per cent to 14.0 per cent. This represented the first reduction in the primary reserve requirement since June 2004. In addition, maturing open market operations bills were not rolled over to amplify systemic liquidity. The boost in liquidity resulting from this easing of monetary policy made financing available at lower borrowing costs for businesses and consumers. Legislation was also enacted to allow payment deferrals, rate reductions, waivers and reduced penalties on credit facilities offered by the banking system.

The overall financial system remained healthy and robust during the year. An IMF/World Bank Financial Sector Assessment Program (FSAP) that was completed on July 31, 2020 concluded that the financial system was sound and well capitalised, while noting vulnerabilities to rising household debt, sovereign debt exposures and susceptibility to the pandemic. During FY2019/20, the Bank continued to work to fill gaps in regulation and supervision and made significant progress in enhancing its AML/CFT framework. The Bank also made significant advances in the drive towards digitisation with the establishment of an “Innovation Hub” and Regulatory Sandbox for Fintech firms.

Consistent with our Strategic Plan 2016/17–2020/21, the Bank undertook further streamlining of the currency. In December 2019, the issuance of \$100 cotton notes was discontinued and a new \$100 polymer bill introduced to achieve cost efficiencies and to improve durability, security and tactile recognition

of the bill. The demonetization of the \$100 cotton notes occurred at an unusually rapid pace to help to counter financial crimes. In this massive nationwide exercise, the Central Bank collaborated closely with the commercial banks, other regulators, the national security agencies and the media in assuring a smooth and meaningful outcome.

Internally, gains were made in strengthening governance, improving efficiency and streamlining operations. Initiatives focused on ensuring the Bank’s readiness to deal with the ever-changing environment, especially with the demonetization exercise and the COVID-19 pandemic. The Bank implemented a comprehensive Pandemic Response Plan to support staff in adjusting to new working arrangements. A seamless transition to the Work from Home programme from the end of March 2020 enabled the Bank to remain on course and to fulfil its mandate.

FY2020/21 promises to be full of national and global difficulties, centered around the lingering pandemic, weakened financial status of many individuals and businesses, and powerful forces driving digitisation and globalisation. The strength of the Central Bank lies in its highly qualified and motivated staff. I am confident that with this spirit of independent professionalism, the Bank will continue to rise to the inevitable challenges and contribute meaningfully to macroeconomic and financial sector stability in Trinidad and Tobago.

Governor  
Chairman of the Board  
Dr. Alvin Hilaire

# 55<sup>th</sup> Anniversary Celebrations

The Central Bank of Trinidad and Tobago celebrated its 55<sup>th</sup> Anniversary on December 12, 2019. To commemorate this auspicious occasion, the Bank hosted a range of activities for staff, as well as public events. The first, on October 4, 2019, was the Bank's annual flagship event, the Dr. Eric Williams Memorial Lecture. This edition of the Distinguished Lecture series featured Dr. Natalia Kanem, Executive Director of UNFPA — the United Nations' sexual and reproductive health agency. Panama-born, Dr. Kanem spoke on "The Peoples' Movements: Consequences of Modern Population Dynamics in the Caribbean." Her thought-provoking presentation was well-received by the full house at the Central Bank Auditorium.

The Bank joined the Trinbago Unified Calypsonians Organisation (TUCO) in hosting an annual Mini Concert Series during October — Calypso History Month. The concert celebrates the tradition of calypso, a cornerstone of Trinidad and Tobago's culture, and features some of the veterans of kaiso as well as rising stars. This 2019 edition commemorated the Bank's 55<sup>th</sup> Anniversary and was entitled "Calypso Over The Years (1964–2019)".

Members of staff showcased their skills beyond their work at the Bank with a "Pot Pourri and Staff Cookout", which was a themed culinary competition and an exposition/sale of craft held on November 9, 2019 on the ground floor of the Bank, with prizes offered for the best dishes, creative presentations and booth designs.

As a way to celebrate the contribution of retired Central Bankers, an attractive glass wall was added to the main concourse. This "Retirees Signature Wall",

comprises glass blocks within which retirees place their signatures, and was unveiled on December 6, 2019.

Two 55<sup>th</sup> Anniversary publications were published to commemorate this important milestone. An Art Perfected by Practice — *Central Bank of Trinidad and Tobago 1964 to 2019* is a hardcover coffee table book that outlines the history of the Bank and its role and importance to the Government and people of the country. *At Your Service: The Central Bank of Trinidad and Tobago* is a soft cover magazine that gives readers an insight into the softer side of the Bank — its people and the activities that promote friendship and team spirit, the Bank's role as a corporate citizen and contribution to our communities. Both books were researched and written by Alice Besson of Paria Publishing Co. Ltd, and were launched on December 6, 2019.

The year's celebrations culminated with Long Service Awards and Appreciation Ceremonies on December 12 for staff who served the Bank for up to 19 years and on December 14, 2019 for staff who served for 20 years and more. A *CB People Magazine Commemorative Edition* was published on January 23, 2020. It featured articles from staff and was filled with memories of significant and interesting events over the years.

There was enthusiastic participation from staff in all events.





55th Anniversary Celebrations







LEADERSHIP  
AND  
ORGANISATIONAL  
STRUCTURE




# BOARD OF DIRECTORS

## EXECUTIVE DIRECTORS




**Dr. Alvin Hilaire**  
Governor




**Dr. Sandra Sookram**  
Deputy Governor  
(Term ended  
Jun 25, 2020)

## NON-EXECUTIVE DIRECTORS




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



**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



**Mrs. Suzette Taylor-Lee Chee**  
Period of Appointment:  
Apr. 20, 2020 - Apr. 19, 2023



**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 comprising a Governor (as Chairman), not more than two Deputy Governors and not fewer 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 serves for a specified term and the other Board members are appointed for three-year terms. There were changes to the composition of the Board during FY2019/20 as follows:

- a. The terms of the following two Directors expired in 2020:
  - Mr. Vishnu Dhanpaul (Public Service Director) - March 12, 2020
  - Dr. Sandra Sookram (Deputy Governor) - June 25, 2020
- b. The following Director was appointed on April 20, 2020 for a term of three years:
  - Mrs. Suzette Taylor-Lee Chee (Public Service Director)

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, 2019 - September 30, 2020) are set out in **Table 1**. For the FY2019/20, the Board held a total of 10 Board Meetings and one Special Board Meeting.

**Table 1 - Board Meetings for Financial Year 2019/20**

DIRECTORS	2019			2020							
	Nov 1	Nov 29	Dec 20	Jan 31	Mar 27 *	Apr 24*	May 29*	Special June 26*	Jun 26 *	Jul 31*	Sep 25*
Dr. Alvin Hilaire	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Sandra Sookram	Abs	✓	✓	✓	✓	✓	✓	TE 25/06/20	-	-	-
Prof. Surendra Arjoon	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Richard Duncan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Lancelot Jack	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Vishnu Dhanpaul	✓	✓	✓	✓	TE 12/03/20	-	-	-	-	-	-
Ms. Lorraine Ferguson	Abs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Kern Gardiner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Kirk Henry	Abs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Terrence Walker	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Suzette Taylor-Lee Chee	-	-	-	-	-	App 20/04/20	✓	✓	✓	✓	✓

Source: Central Bank of Trinidad and Tobago

✓	Present	App	Appointed
Abs	Absent	*	Meeting held via video conference
TE	Term ended		



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 listed in **Table 2**.

**Table 2 – Board Committees (October 1, 2019 – September 30, 2020)**

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. Terrence Walker Mr. Vishnu Dhanpaul (T/E 12/03/20), Suzette Taylor Lee-Chee (App 29/05/20)
Information Technology Committee	Mr. Kirk Henry(Chair), Mr. Lancelot Jack, Ms. Lorraine Ferguson

Source: Central Bank of Trinidad and Tobago



# SENIOR MANAGEMENT

## EXECUTIVES



**Dr. Alvin Hilaire**  
Governor



**Dr. Sandra Sookram**  
Deputy Governor  
(Term ended  
Jun 25, 2020)



**Mr. Patrick Solomon**  
Inspector of  
Financial Institutions  
(Ag.)


## SENIOR MANAGERS




**Mrs. Arvinder Bharath**  
Senior Manager,  
Financial Technology and  
Information Security



**Ms. Marie Borely**  
Chief Financial Officer



**Mr. Gregory Camejo**  
Senior Manager,  
Corporate, Strategic and  
Project Services



**Ms. Nicole Chapman**  
Senior Manager,  
Legal, Contract and  
Corporate Secretariat  
Services




## SENIOR MANAGEMENT

### SENIOR MANAGERS CONT'D



**Mr. Terrence Clarke**  
Senior Manager,  
Macroeconomics/ Finance



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



**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. Dennis Gordon**  
Manager,  
Security 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



**Mr. Randy Marciano**  
Manager,  
Internal Audit





# MANAGEMENT

## MANAGERS



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



**Ms. Natalie  
Roopchandsingh**  
Manager,  
Insurance



**Mr. Garnett  
Samuel**  
Manager,  
Research



**Mr. Dominic  
Stoddard**  
Financial Services  
Ombudsman



**Mr. Christopher  
Subryan**  
Manager,  
Finance and  
Accounting




**Ms. Sharon  
Villafana**  
Manager,  
Banking Operations




# MANAGEMENT


## ASSISTANT MANAGERS



**Ms. Patrica Babwah**  
Assistant Manager,  
Legal and Contract  
Services




**Mr. Anson Caliste**  
Assistant Manager,  
Support Services  
- Facilities




**Mrs. Joanne Charles-Edwards**  
Assistant Manager,  
Support Services  
- Procurement




**Ms. Leslie-Ann Des Vignes**  
Assistant Manager,  
Payment Systems




**Mrs. Shanta Dhoray-Baig**  
Assistant Manager,  
Information Services  
- Statistics




**Ms. Leslie-Ann Figaro**  
Assistant Manager,  
Banking Operations



**Mr. Kevin Finch**  
Assistant Manager,  
Macro Prudential  
Analysis



**Ms. Amrita Gosine**  
Assistant Manager,  
Support Services



**Ms. Loren Harrinauth**  
Assistant Manager,  
Applications



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



# MANAGEMENT

## ASSISTANT MANAGERS




**Dr. Reshma Mahabir**  
Assistant Manager,  
Quantitative Research




**Ms. Isha Marshall**  
Assistant Manager,  
Finance and  
Accounting




**Mrs. Marlene Ming Hon-Mackenzie**  
Assistant Manager,  
Insurance



**Mrs. Celina Neptune**  
Assistant Manager,  
External Relations



**Mrs. Lisa Quintyne**  
Assistant Manager,  
Infrastructure



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



**Mrs. Sonia Raphael**  
Assistant Manager,  
Banking Operations




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




## ADVISORS AND SPECIALISTS

### ADVISORS



**Mrs. Wynnell De Landro-Robinson**  
Advisor,  
Insurance Supervision



**Ms. Ejenny Espinet**  
Legal Advisor

### SPECIALISTS




**Ms. Denise Daniel**  
Industrial Relations Specialist




**Mrs. Sheriza Hassan-Ali**  
Specialist Advisor,  
ITS, Governance and Risk  
Management  
(Assigned to  
CLICO)



**Ms. Sita Mangal**  
Credit Risk Specialist



**Ms. Sandra Racha**  
Specialist Advisor



**Ms. Jacinta Sohun**  
Specialist Advisor,  
Insurance  
(Assigned to CLICO)



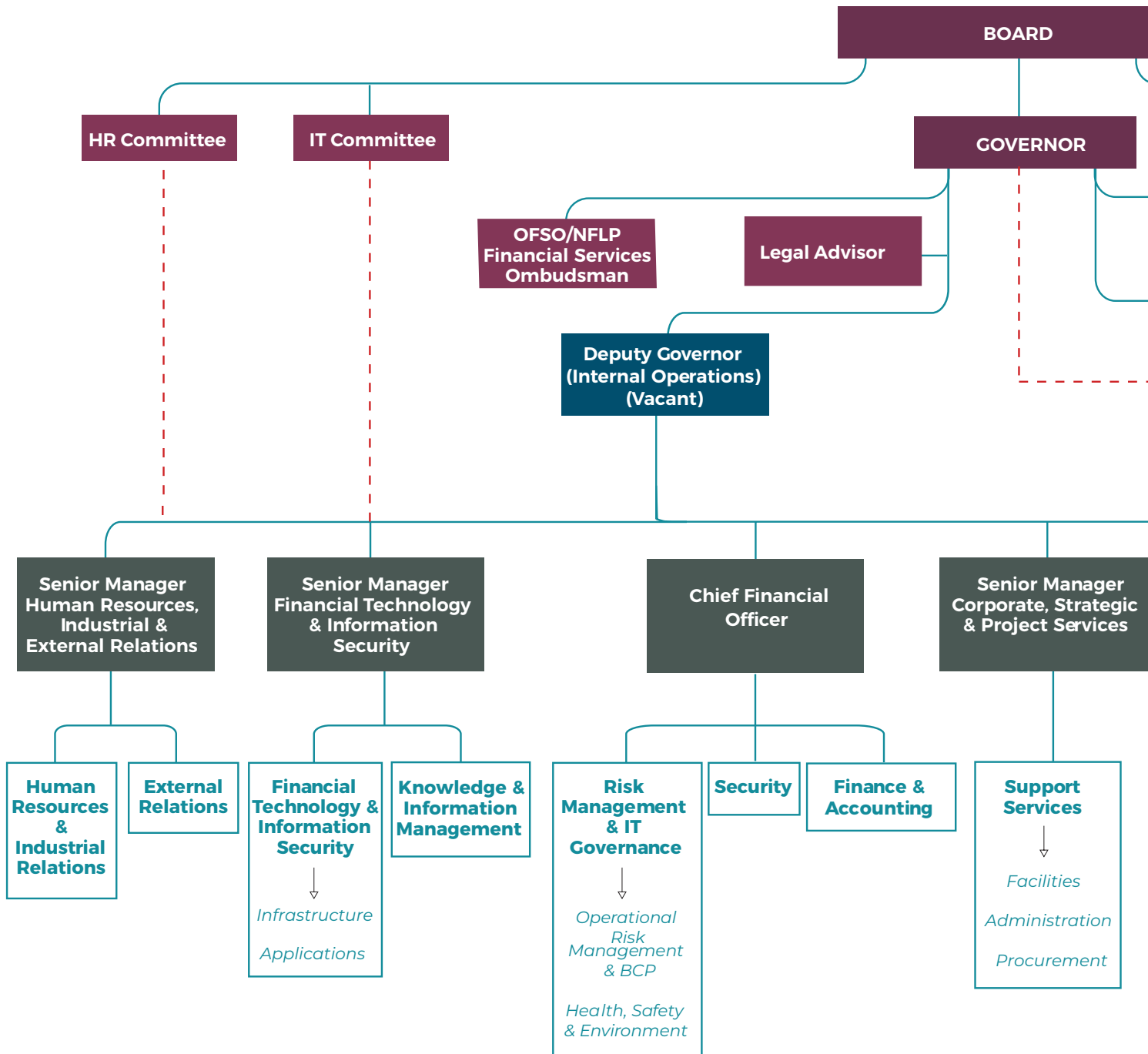
**Ms. Ingrid Stewart**  
Specialist,  
Financial Institutions  
Supervision Department

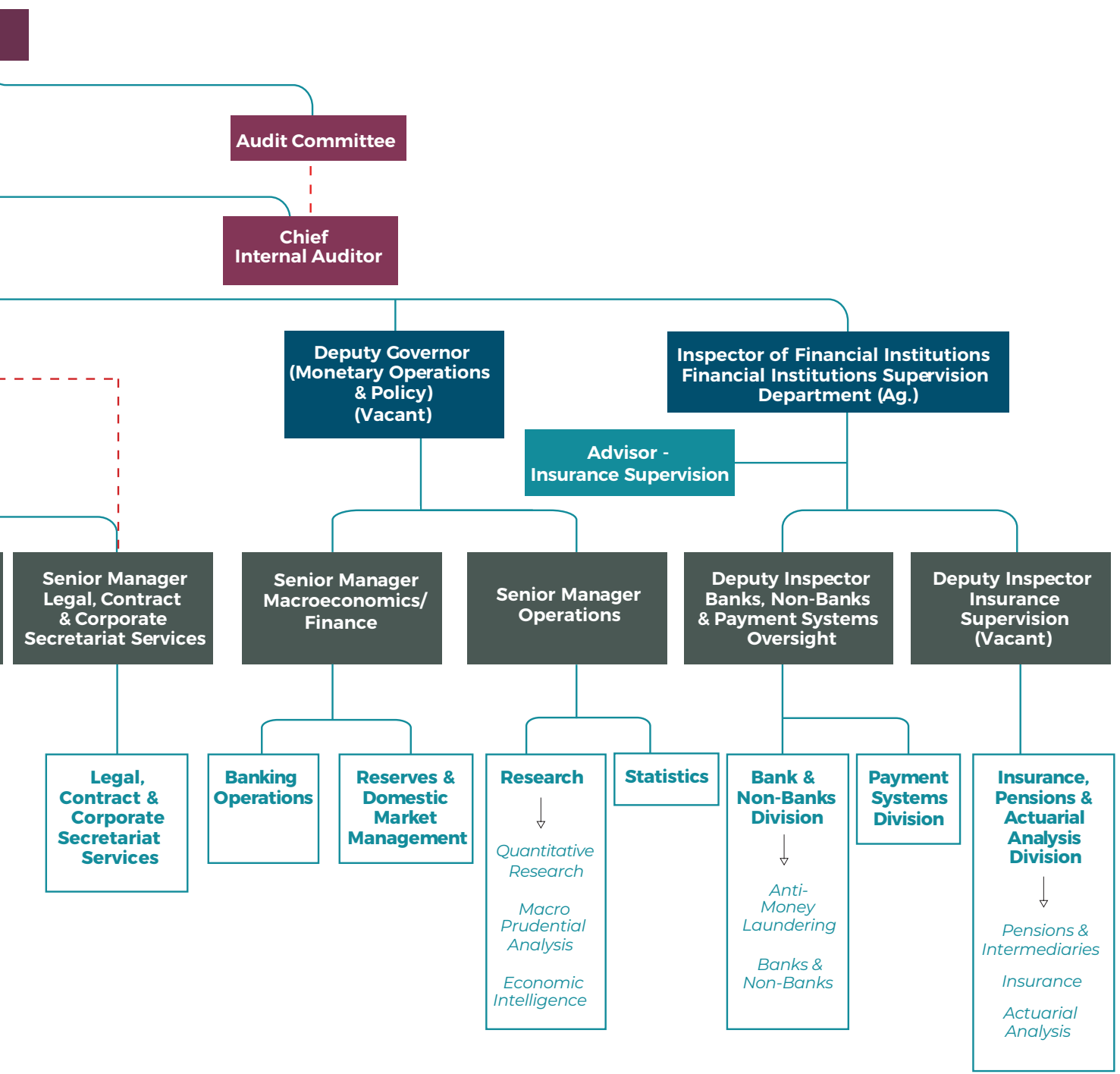




# ORGANISATIONAL STRUCTURE

AS AT SEPTEMBER 30, 2020







Central Bank of Trinidad and Tobago

## **STRATEGIC PLAN**

**2016/17-2020/21**

### **Highlights of Year 4: 2019/20**

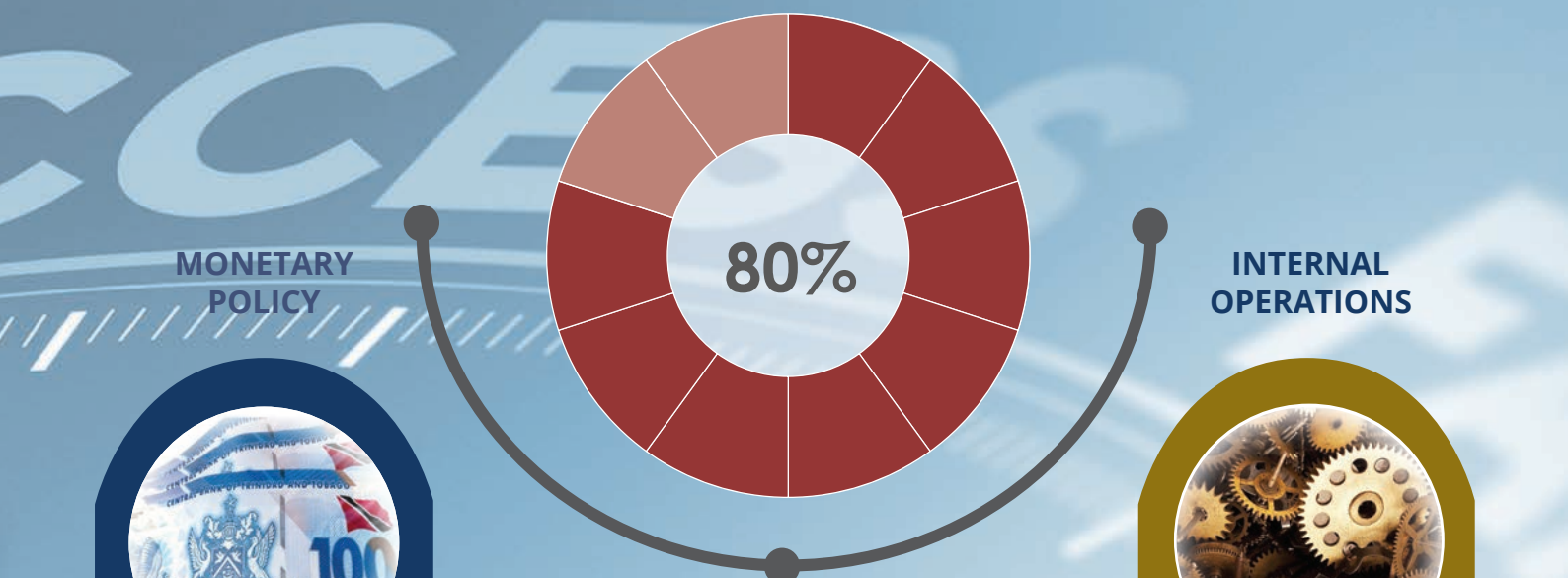
The fourth year of the Bank's Strategic Plan was characterised by the successful completion of its objectives relating to the three themes of Monetary Policy, Financial Stability and Internal Operations, while addressing new issues that arose. These issues included the rapid demonetization of the \$100 cotton note, the technological strides that put fintech into the limelight, depressed energy prices and the global pandemic. The Bank has retained a clear focus on the original projects, modifying and adjusting priorities as appropriate to cater for new circumstances.

The COVID-19 outbreak has had a meaningful influence on the conduct of the Plan in this period, an impact which is expected to continue into the Plan's fifth year. On the monetary policy front, the Bank significantly reduced the Repo rate and commercial banks' reserve requirements. Ongoing monitoring and evaluation will be required into the new financial year. With respect to financial stability, the Supervision Department was placed on high alert mode, with regulatory efforts directed to identifying emerging risks and promoting early action, while simultaneously providing temporary regulatory relief to the banking sector regarding deferred payments offered to customers and submission of regulatory reports to the Central Bank. As regards its internal operations, the Bank progressively reduced its staff presence while maintaining its functions and services through reliance on video conferencing, teleconferencing, online meetings, work-from-home arrangements and staff rotation.

Major achievements included the successful redemption of \$100 cotton notes over a three-month period, the introduction of a new suite of polymer notes, a review of the Bank's Monetary Policy Framework, the development of a Payments system "Innovation Hub", the completion of the Financial Sector Assessment Programme (FSAP) exercise and implementation of an updated Procurement Policy.

The Bank expects to maintain this momentum in Year Five, while maintaining vigilance of macroeconomic, financial and global developments; it will make adjustments as required. For further details, the Bank's Strategic Plan and related updates can be accessed below - <https://www.central-bank.org.tt/about/strategic-plan>.





**MONETARY POLICY**



**UNPRECEDENTED TIMES PROMPT REASSESSMENT**

New issue to the Plan: Rapid demonetization of the \$100 cotton note.

Significant and simultaneous lowering of the Repo rate and reserve requirements.

A historical review of monetary policy framework was completed and will be published in FY2020/21.

Reassessment of traditional instruments which will continue into the new financial year.

**INTERNAL OPERATIONS**



**RADICAL CHANGE TO WORK PRACTICES**

Technology team facilitated expansion of electronic interface.

Streamline of activities with wider work from home arrangements.

Updated Procurement Policy and strengthening of compliance procedures in the area of software licence management.

Celebration of the 55<sup>th</sup> Anniversary by publication of three books highlighting aspects of its history, art collection and staff members.

**FINANCIAL STABILITY**



**INCREASED SUPERVISORY VIGILANCE AND FINANCIAL SECTOR ENGAGEMENT**

Completion of Financial Sector Assessment Program (FSAP) by the IMF/World Bank.

**FINTECH**  
E-Money Issuer Order enacted.

Development of an 'Innovation Hub' with other local regulators.

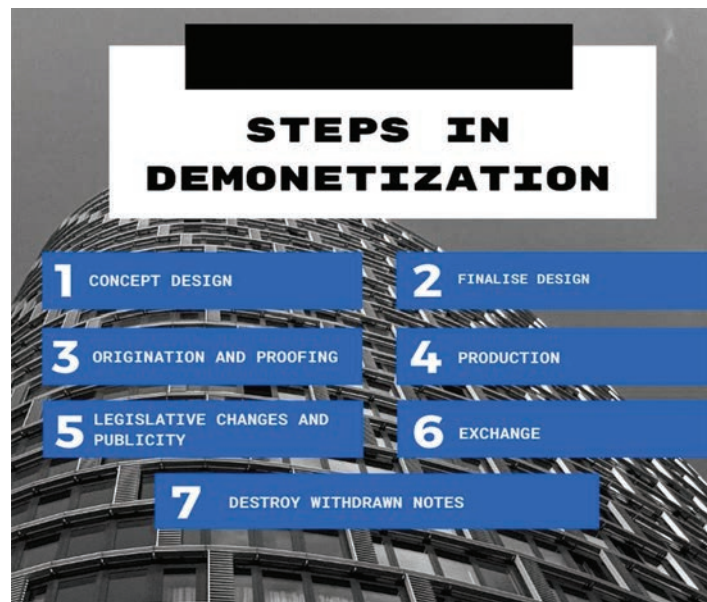


## Demonetization

On December 5, 2019 the Government of Trinidad and Tobago revealed that the demonetization of the largest currency denomination—the \$100 cotton note—would occur by the end of the year. On December 9, 2019 the \$100 polymer note, which incorporated additional security features and tactile dots to aid the visually impaired, became legal tender. The key objective of this sweeping and dramatic action was to aid in the effort to combat financial crimes, particularly those involving significant cash transactions and holdings

of cash from underground and illegal economic activities. The demonetization exercise resulted in 94.2 per cent of the 81.7 million cotton notes that were in circulation being returned to the Central Bank by April 1, 2020. The successful demonetization of the \$100 cotton note was the culmination of months of planning and preparation, and is detailed in the paper “The Great Exchange: Rapid Demonetization in Trinidad and Tobago” by Hilaire and Mahabir (2020)<sup>1</sup>.

Figure 1 – Steps in Demonetization



\$100 Polymer Banknote – Media Conference

<sup>1</sup> [https://www.central-bank.org.tt/sites/default/files/page-file-uploads/great-exchange-working-paper-03-june-2020-linked\\_0.pdf](https://www.central-bank.org.tt/sites/default/files/page-file-uploads/great-exchange-working-paper-03-june-2020-linked_0.pdf)

Figure 2 – Chronology of the Trinidad and Tobago Demonetization of the \$100 Cotton Note





# REVIEW OF ACTIVITIES

2019-2020<sup>2</sup>

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





## MONETARY POLICY AND ECONOMIC DEVELOPMENTS

The 2019/20 financial year posed unique challenges for the global, regional and domestic economy alike. The COVID-19 pandemic triggered a significant health crisis and disrupted global economic activity. In the October 2020 World Economic Outlook (WEO), the International Monetary Fund (IMF) projected that the global economy would contract by 4.4 per cent in 2020, significantly lower than the 3.4 per cent expansion predicted one year earlier. This predicted decline was based largely on health regulations to limit the spread of the virus, such as stay-at-home orders, travel restrictions and social distancing, leading to a scaling back of economic activity. This also resulted in widespread job losses and disruptions to global supply chains and commodity and financial markets.

In response to the pandemic, central banks around the world adopted bold policy measures in an effort to contain the economic fallout of COVID-19. These policies aimed to boost liquidity, mitigate the impact on economic activity and arrest impairment to the financial systems. Most central banks primarily loosened monetary policy through policy rate reductions but, given the severity of the COVID-19 shock, some also provided direct liquidity injections. Likewise, the Central Bank of Trinidad and Tobago implemented substantial monetary policy easing to guard against financial system instability and support a recovery in economic activity.

On March 17, the Central Bank reduced the Repo rate by 150 basis points and the primary reserve requirement ratio of commercial banks to 14 per cent from 17 per cent. These measures immediately boosted liquidity by \$2.6 billion, and lowered commercial banks' funding costs. Liquidity levels continued to grow with commercial bank excess reserves ending the financial year at \$14.7 billion. Despite these high levels of liquidity and declines in lending rates, growth in private sector credit slowed. The banking sector recorded a noticeable slowdown in consumer lending and a further decline in business lending as measures to minimise the spread of the virus caused the closure of non-essential businesses. Meanwhile, real estate mortgage lending continued to grow but at a much slower pace than in previous years.

Like governments around the globe, the Central Government implemented several measures to help businesses and individuals. These measures aimed specifically at supporting businesses' cash flow needs, preserving jobs and assisting households that faced income losses because of the crisis. This resulted in higher than budgeted expenditure for the FY2019/20, and coupled with a reduction in both energy and non-energy revenue, led to a deficit on the Government's fiscal accounts of 11.5 per cent of Gross Domestic Product (GDP).

Despite these policy efforts, domestic economic activity (as measured by the Bank's Quarterly Index of Real Economic Activity<sup>3</sup>) contracted. For the first six months of 2020, domestic economic activity, declined by 7.5 per cent (year-on-year). Specifically, economic activity in the energy sector contracted by 7.2 per cent as a result of the weaker global energy environment. On the non-energy front, economic activity declined by 7.7 per cent. This was driven by broad-based contractions in most sub-sectors.

COVID-19 negatively impacted the domestic labour market. The national "Stay-at-Home" public health measure implemented from March 13 contributed to labour market adjustments such as furloughed employment, layoffs, pay cuts and reductions in working hours. Despite the reopening of the economy, labour demand softened, resulting in higher retrenchments. Inflation levels over the first nine months of 2020 continued to reflect an environment of constrained demand, soft labour market conditions and weak wage growth. For January to September 2020 the rate averaged 0.5 per cent compared to 1.0 per cent in 2019.

Contractions were also observed in foreign exchange market activity. Both purchases and sales of foreign currency declined compared to the year earlier. The Bank sold US\$940.0 million for the period January to September 2020 compared to US\$1,150.1 million for the first nine months of 2019.

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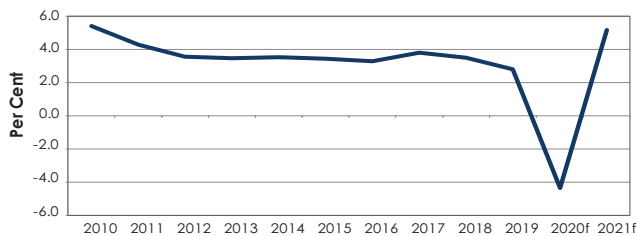
<sup>3</sup> The CSO is the official source of National Accounts (GDP) data in Trinidad and Tobago. The Bank compiles a Quarterly Index of Real Economic Activity (QIEA) to gauge short-term economic activity. The QIEA differs from the CSO's national accounts statistics in terms of methodologies and coverage. The QIEA is based on production indicators, excludes price effects and does not comprehensively cover all sub-industries measured by the CSO.



Although the country's external sector accounts recorded a surplus for the first nine months of 2020 with the level of reserves at US\$7.3 billion (or 8.7 months of import cover) at the end of September 2020, the external sector remains vulnerable due to exposure to the global energy environment. The increase in reserves stemmed in part from drawdowns from the Heritage and Stabilisation Fund (HSF) and proceeds from Central Government external borrowings, both aimed at mitigating against negative impacts of the COVID-19 pandemic on the domestic economy.

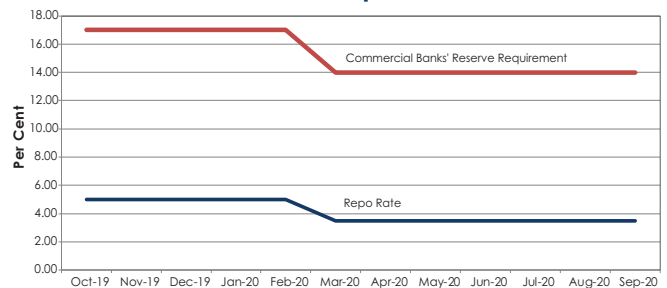
Recent data suggest that many economies have started to recover at a faster pace than anticipated as restrictions have eased. As a result, The IMF's WEO projects global growth at 5.2 per cent in 2021, although contingent on public health and related economic factors that remain uncertain. Domestically, improvements in economic activity would be contingent on the authorities' ongoing response to the pandemic coupled with the careful coordination of fiscal, monetary and structural policies.

### Global Growth - Real GDP (Annual Per Cent Change)



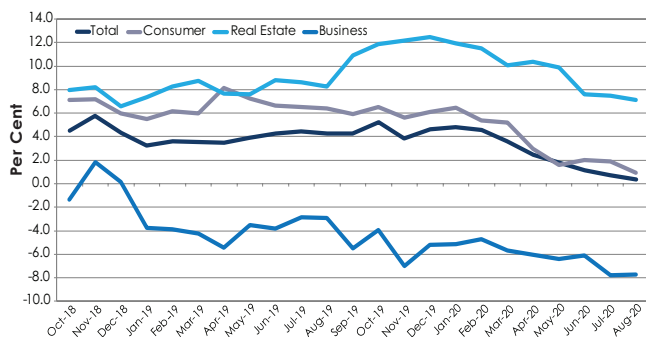
The COVID-19 pandemic triggered a significant health crisis and significantly disrupted global economic activity.

### Repo Rate and Commercial Banks' Reserve Requirement



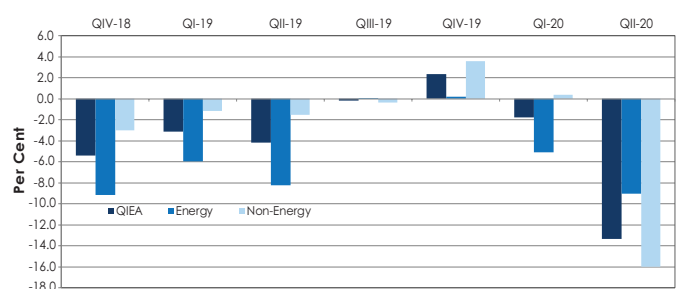
Like other monetary authorities, the Central Bank of Trinidad and Tobago implemented substantial monetary policy easing to guard against financial system instability and support a recovery in economic activity.

### Private Sector Credit to the Consolidated Financial System (Year-on-Year Per Cent Change)



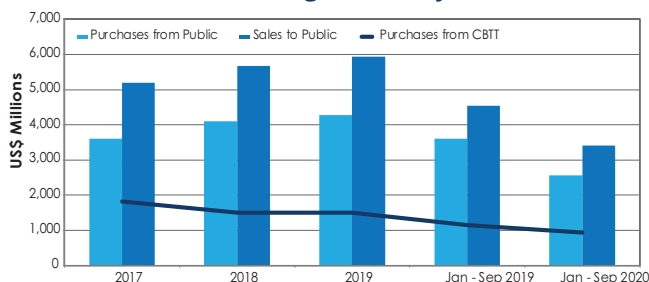
Credit growth remained weak.

### Quarterly Index of Real Economic Activity (Year-on-Year Per Cent Change)



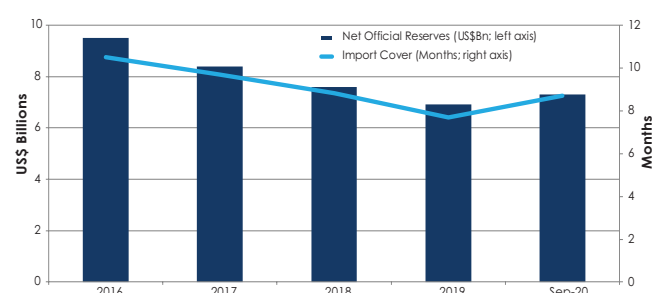
Despite policy efforts, domestic economic activity contracted.

### Authorised Dealers' Purchases and Sales of Foreign Currency



Contractions were also observed in foreign exchange market activity resulting in a lower level of support from the Bank for the period.

### Net Official Reserves and Import Cover



Net official reserves grew from the previous year from inflows associated with drawdowns from the HSF and proceeds from Central Government external borrowings.

Sources: International Monetary Fund, Central Statistical Office 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). During FY2019/20, the Bank continued with several strategic projects to improve the efficiency of its banking operations and services provided to key stakeholders. Key projects included the introduction of the \$100 polymer note and demonetization of the existing paper-based \$100 note.*

## MONETARY OPERATIONS

### CURRENCY

On December 9, 2019, the Bank introduced a new \$100 bill as legal tender in keeping with its objective to improve the durability of Trinidad and Tobago banknotes, to upgrade the capacity to protect against forgery and to allow for easier tactile recognition by the visually impaired. The new bill is based on a polymer substrate and has significantly enhanced security features (**Figure 3**). Simultaneously, the Bank announced on December 9, 2019, by way of Legal Notice No. 357 of 2019 that \$100 notes bearing any series date prior to 2019 (\$100 cotton notes) would cease to be legal tender (demonetized) from January 1, 2020. The rationale

given for this surprise demonetization was to aid in efforts to combat financial crimes. To facilitate the demonetization, legislative amendments were made to the Central Bank Act Chapter 79:02 Sections 26(2) and 60(1) and the public was allowed to exchange the cotton \$100 banknotes for polymer \$100 notes at commercial banks up to December 31, 2019.

The broad parameters of the demonetization were set out in Act No. 22 of 2019 Miscellaneous Provisions (Proceeds of Crime and Central Bank) Act. Act No. 22 specified that the Bank should redeem at face value any of the specified notes that were presented within the period of three months after the appointed date (January 1, 2020) if it is satisfied that the failure to present the notes for redemption prior to the appointed date resulted from circumstances beyond the control of the true owner of the notes or that there was some other good or sufficient reason for the failure. Legal Notice No. 64 amended the Central Bank Act Chapter 79:02 Sections 27A (5) and enabled the \$100 cotton exchange by the Bank for an extended period of three months to end on April 1, 2020. As at September 30, 2020, the value of unredeemed cotton \$100 banknotes was approximately \$500 million.

**Figure 3: Security Features of the \$100 Polymer Note**

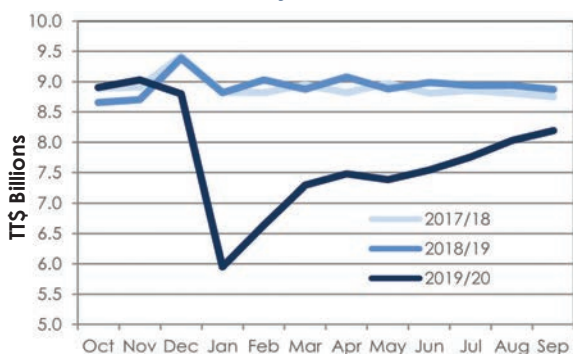




## CURRENCY IN CIRCULATION

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 FY2019/20. As at September 30, 2020, there was approximately \$8.2 billion in circulation of which \$7.9 billion represented notes and \$252.0 million were held in coins. During the period October 2019 to September 2020, currency in circulation decreased by 7.6 per cent from the \$8.8 billion to \$8.2 billion. This compares with an increase of 1.3 per cent in FY2018/19 (Chart I). As a share of GDP, currency in circulation decreased slightly over the twelve-month period to 5.6 per cent at the end of September 2020.

**Chart I**  
Currency in Circulation



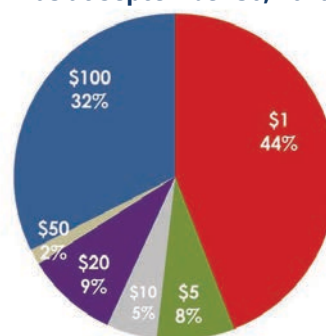
Source: Central Bank of Trinidad and Tobago

Circulation volumes fluctuated during the course of the year. The demonetization of the cotton \$100 banknote in December 2019 outweighed the normal seasonal conditions which usually cause an uptick in currency in circulation at year's end. As a result, currency in circulation fell slightly (6.3 per cent) in December 2019 and more sharply (32.6 per cent) in January 2020. Currency in circulation accelerated between February and April and increased at a slow steady pace thereafter but, nevertheless, remained lower than the previous period.

As expected, the introduction of the \$100 polymer banknotes and the rapid demonetization of the \$100 cotton notes brought about a sharp increase in the volume of new notes issued by the Bank. The issuance of new notes rose by about 58 per cent to a total of 127 million, compared with a total of 80 million new notes issued in the previous

financial year. The \$100 denomination continued to represent the largest value of all notes in circulation, representing about 89 per cent of total value. The \$1 denomination remained the largest volume of notes in circulation at 44 per cent followed by the \$100 denomination at 32 per cent (Chart II).

**Chart II**  
Volume of Notes in Circulation by Denomination as at September 30, 2020



Source: Central Bank of Trinidad and Tobago

The 25-cent coin accounted for the largest volume of circulated coins at 20 per cent. Meanwhile, many one-cent coins remained in circulation despite being demonetized since July 2018. During FY2019/20, the Bank continued its efforts to recall these coins. The metal-plated coins issued into circulation in 2017 to replace the more costly alloy-based coins, continued to perform well according to the feedback received from commercial banks during 2019/20.

## 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.

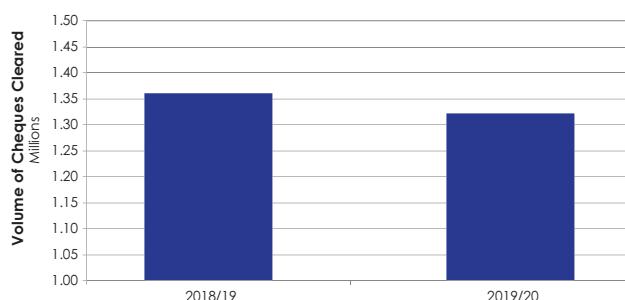
### CHEQUE CLEARING SYSTEM

Work continued with the Central Bank's customers, including the Government, to understand and implement the accepted Electronic Cheque Clearing System Standards in readiness for go live at the end of FY2020/21. The project has entered the implementation stage with the standardisation of customers' cheques and submission of legislative amendments to the Bill of Exchange Act to facilitate cheque truncation.

## CHEQUES

As a participant in the domestic currency cheques clearing arrangement, the total volume of cheques cleared by the Central Bank decreased by 2.9 per cent (**Chart III**) during FY2019/20 while the total value of cheques cleared remained unchanged at \$47 billion.

**Chart III**  
Volume of Cheques Cleared



Source: Central Bank of Trinidad and Tobago

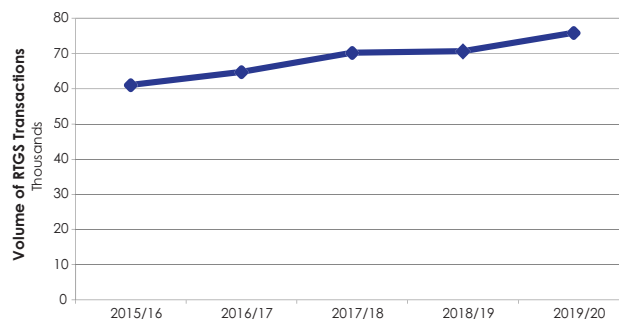
## REAL TIME GROSS SETTLEMENT (RTGS)

The RTGS electronic system facilitates the clearance and settlement of large value (\$500,000 and over) and time-sensitive transactions among the system's eight direct participants (commercial banks). As the most significant payment system in the domestic economy, in terms of value, a total value of \$354 billion in transactions were settled over the RTGS during FY2019/20. This represented a decrease of 5 per cent from the previous financial year. However, the total number of transactions settled increased by 7.2 per cent to 75,861 from 70,749 in the previous year (**Chart IV**).

## AUTOMATED TELLER SOLUTIONS (ATS)

The Bank undertook a project to automate its teller services which remain significantly manual in nature. The Bank aims to improve the efficiency of the processing of customer deposits, withdrawals and the balancing of cash in custody. Phase one of the project, user acceptance testing, was successfully completed in September 2020, paving the way for implementation of an automated teller solution in FY2020/21.

**Chart IV**  
Real Time Gross Settlement System - Annual Volume of Transactions



Source: Central Bank of Trinidad and Tobago

## FINANCIAL INSTITUTIONS RESERVE MONITORING

The required statutory cash reserve ratios for commercial banks was changed from 17 per cent to 14 per cent on March 17, 2020. As indicated in the Bank's Monetary Policy Announcement, the "unprecedented nature and magnitude of the pandemic, exacerbated by the energy price drop" prompted the decision "to...lower the primary reserve requirement for commercial banks by 3 per cent to 14 per cent." The statutory cash reserve for non-bank financial institutions (NFIs) remained unchanged at 9 per cent of their prescribed liabilities. During the period October 2019 to September 2020, the total daily average cash balances of the commercial banks decreased by about 2.3 per cent, while the daily reserves balance of the NFIs increased by about 22 per cent over the previous year.

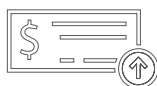
## REGIONAL ARRANGEMENTS

### BANCO LATINAMERICANO DE EXPORTACIONES S.A. (BLADEX)

The Central Bank of Trinidad and Tobago holds a total of 160,626.50 Class A shares in BLADEX. During the current financial year, dividends totaling US\$203,995.66 were received.



**\$8.2** bn in  
circulation



**\$47** bn in  
cheques cleared



**\$354** bn in  
RTGS transactions



## ANDEAN DEVELOPMENT CORPORATION/ CORPORACIÓN ANDINA DE FOMENTO (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 2020.

## 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 \$10,500 were made compared with \$31,000 in the previous year.

### 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 \$14,020 this fiscal year compared to \$4,400 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 Government and State Enterprise (Agency) bonds maintained under the Government Securities Auction System and Depository.

During FY2019/20 principal repayments and interest payments to State Agency bondholders amounted to \$317.2 million and \$261.4 million respectively, compared with no principal repayments and interest payments of \$260.7 million in the prior year.

The GOTT Zero Coupon bond (HCU bonds) payment for FY2019/20 amounted to \$18.6 million compared with the payment of \$18.7 million the previous year. The payment on the GOTT Zero Coupon bond (CLICO bonds) for 2019/20 amounted to \$470.4 million as compared to the previous year’s payment of \$470.9 million. Total principal and interest paid to Central Government (inclusive of NIPDEC) bondholders amounted to \$1.5 billion and \$1.4 billion respectively, as compared to \$1.2 billion and \$1.4 billion in the previous financial year.

## DOMESTIC MARKET OPERATIONS

### GOVERNMENT SECURITIES

The management of system liquidity was largely accommodative during FY2019/20 to support economic activity as well as Government fiscal financing. From mid-March 2020, open market operations (OMO) bills, the main monetary policy tool applied by the Bank in managing system liquidity, were allowed to mature. This followed a reduction in commercial banks’ reserve requirements by the Central Bank on March 17, 2020 by three percentage points to 14 per cent which added roughly \$2.6 billion in liquidity to the banking system. Simultaneously, the Bank reduced its Repo rate by 1.50 per cent, a measure also aimed at supporting the fallout of economic activity as a result of the pandemic.

During the financial year, the Bank conducted and processed 39 debt management Treasury Bill auctions totalling \$6,136.0 million. These auctions were scheduled roughly every two weeks. Over the reporting period, 20 OMO auctions were arranged, with an aggregate value of \$14,062.0 million, almost solely in Treasury Bills, issued in tenors ranging from one month to a year. A total of \$18,944.5 million in OMO securities matured during the year.

The Bank also issued \$3.0 billion in Value-Added Tax (VAT) refunds bonds on behalf of the Government. The issue of these three-year, 3.30 per cent bonds took place in two tranches in May and July 2020.



**39**  
debt management  
treasury bill auctions



**20**  
open market  
operations auctions



**\$3 bn** in  
VAT refund bonds



## FOREIGN EXCHANGE MARKET

Conditions in the foreign exchange market in 2019/20 remained tight. The plunge in international energy prices coupled with the coronavirus outbreak, significantly impacted flows to the market. Receipts from the energy sector, which accounts for the majority of inflows, fell by 21.1 per cent from the previous year. Purchases of foreign exchange from the public by authorised dealers amounted to US\$3,581.0 million, which represented a decline of 17.4 per cent from the previous financial year. Against a background of robust demand conditions, the Central Bank intervened regularly in the market, selling a total of US\$1,294.0 million to the authorised dealers. This supported total sales for the year of US\$4,823.3 million to the public, 20.7 per cent lower than in the previous financial year.

The TTD/USD weighted average exchange rate remained steady over the year, with the selling rate standing at TT\$6.7990/US\$1.00 as at September 30, 2020.

## FOREIGN CURRENCY RESERVE MANAGEMENT

The Bank continued to manage the foreign currency reserves in accordance with the approved investment framework, adhering to the core objectives of capital preservation, liquidity and achieving an optimum rate of return on investments while minimising the risk of a negative return. The economic fallout of the COVID-19

pandemic resulted in significant market volatility and a decline in deposit rates and major sovereign bond yields. The portfolio returned 2.26 per cent over the financial year compared with the prior year's performance of 3.09 per cent.

Net official reserves increased to US\$7.3 billion as at September 30, 2020 from US\$6.9 billion at the end of September 2019. This represented an increase of 5.9 per cent in the net official reserves, reflecting US\$979.9 million in receipts from the HSF, US\$627.8 million in financing from multilateral agencies such as the Corporación Adina de Fomento (CAF) and the Inter-American Development Bank (IADB), as well as US\$611.3 million in oil and gas receipts. These inflows were partially offset by interventions in the domestic foreign exchange market totaling US\$1.3 billion and foreign currency sales of US\$0.5 million to Government entities.

During FY2019/20, the portfolio management system, SimCorp Dimension, was successfully upgraded. Additionally, following a tender process for the provision of global custody services<sup>4</sup> and related services for the foreign currency reserves in 2018/19, an agreement was successfully negotiated with the preferred vendor.

The Bank continued to execute the agency functions for the HSF. In this regard, the quarterly and annual reports were completed in accordance with the requirements of the Act and the Bank provided support to the Board of Governors of the Fund.



**US\$7.3** bn  
net official reserves



**2.26%**  
rate of return



**US\$979.9** mn inflow  
from the HSF

<sup>4</sup> 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 of maintaining financial stability and promoting confidence in the domestic financial system. Given the heightened risks and challenges, the Bank increased its supervisory vigilance and financial sector engagement. Regulatory efforts were directed to identifying emerging risks and promoting early action.*

### STRENGTHENING THE REGULATORY FRAMEWORK

#### INSURANCE LEGISLATION

The new Insurance Act, 2018 (IA 2018) and Insurance (Amendment) Act, 2020 assented to on February 18, 2020 are awaiting proclamation by the President. It is anticipated that there will be minimal strain on the insurers that have not met the requirements, as the new legislation provides adequate transition periods. Further, far more flexibility is afforded to the Central Bank, as regulator.

New reporting template forms required under the IA 2018 are being finalised for issuance to the insurance industry upon notice of proclamation. The forms include Annual and Quarterly Financial Reporting returns, Credit Exposure forms, Capital Adequacy and Statement of Financial Condition forms.

Upon proclamation of the Acts and promulgation of the nine Regulations required, these Regulations in respect of insurers' capital adequacy, accounting and registrations, pension funds and intermediaries will be published.

#### IMPROVING RISK-BASED SUPERVISION

A risk-based supervisory framework for assessing regulated institutions compliance with Anti-money Laundering and Combatting of Terrorism and Proliferation Financing (AML) was completed and rolled out to supervisory staff. The Framework explains the Bank's process for conducting risk-based AML supervision, including how the AML risk rating is derived.

### BOLSTERING MERGER AND ACQUISITION ASSESSMENTS

During 2019/20, an examiner's manual to provide guidance in assessing mergers/acquisitions of financial institutions was developed and circulated for review within the Financial Institution Supervision and Legal Departments of the Bank. A Guideline to inform financial institutions and potential acquirers of financial institutions has also been drafted and will be finalised in the upcoming year for issue to the banking and insurance sectors.

### ENHANCING GOVERNANCE OF FINANCIAL INSTITUTIONS

#### FIT AND PROPER GUIDELINE

In October 2019, an updated Fit and Proper Guideline and Personal and Corporate Questionnaire and Declaration Form (PQD Form) were issued to the industry. The Guideline sets out the principles and Bank's minimum expectations on matters to consider when assessing the fitness and propriety of directors, officers, controllers, significant and controlling shareholders and acquirers of regulated persons.

#### CORPORATE GOVERNANCE GUIDELINE

In June 2020, the Central Bank issued an updated draft Corporate Governance Guideline to the industry for comment. The Guideline reflects emerging best practices and is intended to strengthen corporate governance practices at financial institutions and financial groups. One of the primary objectives of the revised Guideline is to reinforce the collective oversight and governance responsibilities of the board. A second important objective is to emphasise key components of risk governance such as risk culture and risk appetite and their relationship to the bank's risk capacity. The revised Guideline also delineates specific roles for the board, board committees, senior management and the control functions, including the Chief Risk Officer and internal audit.



## **OUTSOURCING GUIDELINE**

The Central Bank has noted recent trends, which have shown that the use of third parties by financial institutions to carry out business activities is increasing. Studies indicate that outsourcing in the financial services industry was initially limited to activities that did not pertain to the firm's primary business, such as payroll and back office processing. More recently, however, commonly outsourced activities have included information technology, cloud computing, accounting, regulatory reporting, internal audit, electronic funds transfer, fintech product and services, investment management and human resources. This Guideline sets out the expectations of the Bank as it relates to governance and management of risks arising from the outsourcing of material activities, functions and services.

## **REINFORCING RISK MANAGEMENT PRACTICES**

In July 2020, the Central Bank issued for industry consultation, draft Credit Risk and Liquidity Risk Management Guidelines. Consultation on these Guidelines closed in August 2020 and they are being finalised for issue early in the new financial year.

## **CREDIT RISK MANAGEMENT GUIDELINE**

The management of credit risk is a critical component of a financial institution's risk management strategy, particularly for financial institutions in which the issuance of credit constitutes a significant portion of the business. This inherent risk not only poses a threat to individual credit transactions but to the entire credit portfolio, as mismanagement can jeopardise an institution's continued financial viability, with consequences for depositors, policyholders and other stakeholders. This Guideline provides guidance on the Bank's expectations and sets out the responsibilities of the Board and Senior Management.

## **LIQUIDITY RISK MANAGEMENT GUIDELINE**

Liquidity refers to the ability of a financial institution to fund increases in assets, and meet obligations as they come due, without incurring unacceptable losses. Liquidity problems can jeopardise the financial soundness of institutions with a sound capital base. The management of

such risk is particularly important for banks as their fundamental role in the maturity transformation of short-term deposits into long-term loans makes them inherently vulnerable to liquidity risk. For insurance companies unexpected outflows relating to the surrender of life insurance policies or a sudden increase in claims can be a material source of liquidity risk. External triggers can also create significant liquidity issues where reinsurers have retroceded a substantial amount of business.

This Guideline therefore establishes minimum standards against which the Central Bank will assess the sufficiency of the liquidity risk management framework of institutions.

## **IMPROVING RESILIENCE TO STRESS**

### **FINANCIAL SECTOR ASSESSMENT PROGRAMME (FSAP)**

Trinidad and Tobago underwent a joint IMF/World Bank Financial Sector Assessment Programme (FSAP) in 2019/20. The first mission took place in November 2019 and entailed a detailed assessment of the Bank's compliance with the 29 revised Basel Core Principles for Effective Banking Supervision. The second mission was conducted from January 21 – February 4, 2020 and looked at crisis management, stress testing, supervision of financial conglomerates, development financing, AML/CFT, insurance, securities and credit union regulation and supervision and the payments system.

The team met with senior officials from the respective regulatory and Government agencies in Trinidad and Tobago, including the Central Bank, Ministry of Finance (MOF), Ministry of Labour and Small Enterprise Development (MSLED), Trinidad and Tobago Securities and Exchange Commission (TTSEC), Financial Intelligence Unit of Trinidad and Tobago (FIUTT), and the Deposit Insurance Commission (DIC). It also met with representatives from financial institutions, industry organisations, and the private sector.

The recommendations from the FSAP will be reviewed and actioned as necessary to shore up the stability of Trinidad and Tobago's financial system.



## **BASEL II/III IMPLEMENTATION**

The Financial Institutions (Capital Adequacy) Regulations, 2020 which gives legal effect to the Basel II/III capital adequacy rules was promulgated on May 14, 2020. In November 2019, the Central Bank rolled out its Basel II/III Phase 2 policy proposals to the banking sector with the aim of further strengthening the resilience of banking institutions and promoting stability of the financial system. Phase 2 addresses Pillar 2 (the Supervisory Review and Evaluation Process<sup>5</sup>) and Pillar 3 (Market Disclosure) as well as key elements of Basel Committee on Banking Supervision's post crisis reforms, namely, the leverage ratio, the capital conservation buffer, the liquidity coverage ratio and the capital add-on for domestic systemically important banks (D-SIBs). However, having regard to the likely impact of the COVID-19 pandemic on banking institutions, the Bank delayed the implementation of Basel II/III Phase 2 to January 2022 at the earliest.

## **IFRS 9 EXPECTED CREDIT LOSS GUIDELINE**

In January 2020, a Guideline for the Treatment of Estimated Credit Losses (ECLs) for Determining Regulatory Capital Adequacy Requirements (ECL Guideline) was issued to the industry. The ECL Guideline provides guidance on the categorisation of provisions under the ECL model as either general or specific provisions for determining regulatory capital adequacy requirements.

## **CRISIS MANAGEMENT**

The Framework for the Recovery and Resolution of Financial Institutions was circulated as final to the TTSEC and DIC in August 2020 following a consultative process. A draft of the Central Bank's Operational Blueprint for Financial Resolutions has also been developed.

## **STRESS TESTING**

The Stress Testing Framework for commercial banks was revised and the new methodology unveiled to the industry in September 2020. The Central Bank will further engage institutions on individual results during the next half-year.

## **REGULATORY ACTIONS TO TREAT WITH COVID-19 IMPACTS**

### **TREATMENT OF DEFERRED PAYMENTS**

As a consequence of the onset of the COVID-19 pandemic in March 2020 and in an effort to provide customers affected by national lockdown measures with some measure of relief during the period, commercial banks offered customers the option of deferring payments on their credit facilities for periods extending up to six months, as well as the offer of reduced fees and interest rates. Under normal circumstances and in accordance with the Central Bank's Guideline for Measurement, Monitoring, and Control of Impaired Assets, these deferred payments would be treated as past due from the day after which the payment is missed and, as a general rule, non-performing after customers miss three or more due payments. However, in consideration of these bank offers and the difficult circumstances faced by consumers and small businesses, the Central Bank agreed to relax the requirements and recognition in the guideline of the deferred payments as well as rate reductions as past due or non-performing loans initially for a three month period and thereafter extended to December 31, 2020. Licensees were also required to stress-test their portfolios to determine the impact of COVID-19 on their credit risk, capital adequacy and liquidity post December 31, 2020 and submit the results and any action plans to the Central Bank.

### **ENHANCED REPORTING**

In order to monitor the impact of the deferred payments, the Central Bank introduced a special report called the DPC-19 Report in April 2020 for all licensees. The DPC-19 Report is intended to collect data on credit facilities of individuals and businesses granted deferrals, rate reductions and waivers of penalty charges and late payment fees.

In addition, the Central Bank formally re-introduced the quarterly Interim Monitoring System Questionnaire to obtain quarterly information from all licensees on key developments and emerging risks in light of restrictions on onsite examinations and reduced staffing at financial institution.

<sup>5</sup> Pillar 2 requires a bank to develop an Internal Capital Adequacy Assessment Process ("ICAAP") to assess all its material risks and not just Pillar 1 credit, market and operational risk. The ICAAP must be submitted to the regulator for supervisory review and evaluation.





## THEMATIC CYBER RISK REVIEWS

A thematic review of the eight commercial banks cyber risk/cybersecurity practices commenced during fiscal 2019/20, with one being completed. As a result of the pandemic these reviews will recommence in the next fiscal year.

## THEMATIC CREDIT RISK REVIEWS

The Bank continues to monitor closely credit risk in the banking system. Having observed an uptick in debt consolidation and debt refinancing loans, the Bank commenced a thematic review of these types of loans at selected commercial banks during fourth quarter of 2019.

The exercise was completed at three commercial banks but ceased temporarily when the COVID-19 pandemic arose and will continue in fiscal 2020/21.

## PROMOTING SOUND MARKET CONDUCT PRACTICES

### COMMUNICATION WITH PENSION PLAN MEMBERS

The Guideline on Communication with Pension Plan Members was developed and expected to be issued early in the new financial year. The Guideline specifies information, which should be disclosed to a pension plan's membership to promote their knowledge and understanding of the pension plan's operations and their benefit entitlements. The Guideline is meant to further encourage best practices in the operations of pension plans as advocated in the Guideline on Pension Plan Governance<sup>6</sup>, issued in August 2019.

### MARKET CONDUCT SURVEY

In June 2020, the Central Bank conducted a Market Conduct Survey of licensees<sup>7</sup> to determine their level of compliance with the provisions in the Market Conduct Guideline issued in November 2018. The survey also facilitated the Central Bank's ability to determine whether the financial institutions are offering adequate services to "at risk" consumers as well as micro, small, and medium-sized businesses.

A Report of the findings of the Survey and appropriate recommendations is being finalised for issuance to the banking sector.

### MARKET CONDUCT SUPERVISION FRAMEWORK

In September 2020, the Central Bank completed a Market Conduct Supervision Framework for the supervision and regulation of market conduct activities within the financial sector. It provides for the onsite and off-site supervision of market conduct issues. The framework is also tailored to enhance collaboration with the Office of the Financial Services Ombudsman to promote financial education and financial inclusion initiatives.

## ENABLING FINTECHS

### FINTECH POLICY

The Bank completed and significantly progressed implementation of its Fintech Policy in the period of review. In line with the Fintech Policy, a joint Fintech Steering Committee which comprised senior officials of the Central Bank, the TTSEC and the FIUTT was established to collaborate on fintech initiatives. Key objectives of the Committee for the period 2019/20 were the establishment of a joint Innovation Hub and Regulatory Sandbox.

The first phase of the Innovation Hub was completed during the year and expected to be launched early in the new financial year. The Innovation Hub provides a central point of contact for Fintech firms to simultaneously engage with all three regulators in order to make enquiries and seek regulatory guidance on their financial innovation. Work also commenced on the establishment of a Regulatory Sandbox; however, at the present time only the "sandboxing" of e-money issuer applicants can be facilitated. It is expected that the sandboxing of other fintechs will be facilitated with amendments to legislation to allow waivers from regulatory requirements.

<sup>6</sup> <https://www.central-bank.org.tt/sites/default/files/page-file-uploads/guideline-on-pension-plan-governance.pdf>

<sup>7</sup> "Licensees" refer to financial institutions licensed under the Financial Institutions Act, 2008.



Finally, a joint communication strategy was developed by the three regulatory authorities alongside representatives of the MOF and the Trinidad and Tobago International Finance Centre (TTIFC) for raising public awareness of these initiatives.

### **E-MONEY POLICY**

The Bank's E-money Policy was approved by the country's Cabinet in June 2020 and informed the making of the E-money Issuer Order by the Minister of Finance on July 31 and subsequent publication of said Order by Legal Notice No. 284 on August 4, 2020.

The Order enables persons, other than financial institutions licensed under the Financial Institutions Act 2008 (FIA), to issue e-money subject to certain defined terms and criteria, such as, permissible activities, registration requirements, governance arrangements, risk management, capital requirements and thresholds. It also contains provisions for granting of provisional registration to e-money issuers (EMIs), which will allow these entities to operate within a sandbox environment under certain conditions for a limited amount of time while the Central Bank monitors its ability to meet the regulatory requirements.

The eligible category of persons who can engage in e-money issuance, once approved by the Central Bank, are payment service providers, payment system operators, money remitters registered with the FIUTT, mobile network operators, technology service providers<sup>8</sup> and other financial institutions such as credit unions.

### **GUIDELINES FOR NON-BANK NON-FINANCIAL INSTITUTIONS IN RETAIL PAYMENTS**

Stakeholder feedback on the Guidelines for "Non-Bank Non-Financial Institutions in Retail Payments", which was issued for public consultation on April 29, 2020, has been collated

and is currently being finalised. Once completed, the final guideline and feedback report will be published. This guideline is a merger of Payments System Guidelines 2 and 3 entitled "Registration and Operation of Non-Interbank Payment Systems" and "Operation of Payment Service Providers" and provides a more comprehensive guidance for entities wishing to provide payment services or operate a payment system.

Likewise, Guideline 4 on "Oversight of the Systemically Important Payment System" has now been transformed to the "Framework for Oversight of the Payments Systems" and will be shared with the industry upon completion.

### **LICENSING AND PAYMENTS SYSTEM OVERSIGHT**

One new payment service provider (PSP) was registered on January 22, 2020 bringing the number of licensed PSPs to four.

The Bank continued to work with the payment system operators towards addressing their gaps revealed under the Principles for Financial Market Infrastructure PFMI<sup>9</sup>. The Systemically Important Payment System (RTGS and Automated Clearing House), the Cheque Clearing Arrangement and the debit card switch (LINX) have made some progress in implementing the PFMI recommendations.

The Bank continues to oversee the implementation of the operator's PFMI actions plans towards strengthening their risk management frameworks. Recent developments during the financial year suggest a planned re-structuring of the retail payments space as one entity is earmarked to be responsible for all the retail payment systems. To this end, the Bank is actively monitoring the developments with the view to ensuring compliance with the PFMIs.

<sup>8</sup> Technology Service Providers (TSPs) are entities or persons who provide the hardware or software that allows Payment Service Providers (PSPs) to provide payment services/instruments as well as the clearing and settlement of instruments.

<sup>9</sup> PFMIs 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>



## **SUPERVISORY COLLABORATION AND COOPERATION**

### **REGIONAL SUPERVISORY COLLEGES/ MEETINGS**

- The Bank participated in the 38<sup>th</sup> Annual Conference of the Caribbean Group of Banking Supervisors (CGBS), which was hosted virtually by the Central Bank of The Bahamas in September 2020.
- The Bank coordinated and engaged with regional supervisory agencies and CARTAC to ascertain the impact of the COVID-19 Pandemic on insurance regulation in the region. There was continued collaboration with regional regulators to provide updates on regional insurance groups further to the supervisory college held in September 2019.
- The Bank also attended virtual supervisory colleges hosted by the Office of the Superintendent of Financial Institutions of Canada in September 2020.

### **PARTICIPATION ON REGIONAL WORKING GROUPS**

The Central Bank's participation on the CGBS Technical Working Group for Cyber Risk is ongoing. The Group met virtually around the escalation of the COVID-19 pandemic in April 2020 to discuss inter alia an overview of the Cyber Risk global standards landscape existing taxonomy and their merging into common existing frameworks at the regional level.

### **DOMESTIC SUPERVISORY CO-OPERATION**

- o The Central Bank collaborated with the TTSEC and FIU to issue the following:
  - Joint Regulatory Guidance on Complying with AML/CFT Verification Requirements in light of COVID-19 Measures;
  - Joint Procedure for the Approval of Compliance Officers and the Designation and/or approval of Financial Institutions Regulated by more than one Supervisory Authority; and

- Joint Procedure for the On-Boarding of Electronic Money Issuers.
- o The Central Bank collaborated with the TTSEC and the FIU to develop a regulatory framework for administrative monetary penalties for AML/CFT breaches. The framework is intended to address deficiencies noted by the Caribbean Financial Action Task Force in its 2016 Mutual Evaluation Report.
- o The Central Bank collaborated with the TTSEC in January 2020 to conduct a consolidated onsite examination of one financial group. The areas of Credit Risk, Market Risk, Liquidity Risk and Cyber Risk were covered.

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

CLICO has continued to repay the Government of Trinidad and Tobago the monies that were advanced. The debt has been reduced to less than \$3 billion as of June 30, 2020.

The resolution plan, including the sale of the traditional portfolio for both CLICO and BAT, is expected to continue in 2021. The Bank ensured its timely filing and submission to Minister of Finance of its Quarterly Reports pursuant to section 44E of the Central Bank Act, Chap. 79:02 for the year 2020 in respect of the progress of the resolution, and will continue to ensure the safeguarding of policyholders' interests and assuring continued financial stability in Trinidad and Tobago.



## INTERNAL OPERATIONS

*During the financial year 2019/20, additional policies to fortify governance, improve efficiency and streamline operations were formalised. However, in order to respond to the pandemic, changes to work practices were required while maintaining governance and efficiency in operations.*

### GOVERNANCE AND THE CONTROL ENVIRONMENT

Governance initiatives throughout the Bank for financial year 2019/20 focused on maintaining the Bank's ability to identify, assess and adequately respond to key and emerging risks, including those associated with the demonetization exercise and the COVID-19 pandemic. Some initiatives were impacted as working arrangements had to be adjusted in light of the pandemic restrictions.

Security services played a key role and assisted in the successful demonetization of the old cotton \$100 notes and implementation of the new polymer \$100 notes, carefully managing the increased number of external customers in the redemption phase and the receipt of the new notes. The demonetization exercise also required supporting infrastructural works, because of the additional customers. Numerous signage and health and safety upgrades were implemented to ensure the well-being of staff and the visiting public before and during the COVID-19 pandemic. Additionally, departments such as Finance and Accounting, Internal Audit, External Relations and Human Resources significantly supported the lead department, Banking Operations, by assisting with processing of the applications for the notes exchange and the interaction with the public.

Since January 2020, the Risk Management and IT Governance framework focused on providing input and guidance to the Bank's wide ranging response to the COVID-19 pandemic. Research was conducted and protocols developed in the areas of Risk Management, Health and Safety, Business Continuity and IT Governance. Despite

the demonetization and the COVID-19 pandemic, work continued in many areas including Fire Certification and the completion of the fifth annual Security Risk Assessment. Additionally, the Bank's Procurement Policy and Procurement Procedures Manual were updated and enhanced and approved by the Board in November 2019. This initiative, led by the Support Services arm of the Bank was implemented in conjunction with other key policies and procedures from the Finance and Accounting and Legal, Contract and Corporate Secretariat Services departments. In the area of IT Governance, an assessment of IT vulnerabilities was intensified to identify weaknesses and further enhance the control processes, resulting in improved IT budgeting and risk reporting.

In addition to the tremendous support on the demonetization exercise, Security Services completed several areas of highly specialised training to further enhance the officers' ability to effectively and efficiently protect the Bank's property, personnel and information.

Work related to maintaining and improving the interior and exterior environment of the Bank was accomplished despite the restrictions that were imposed because of the pandemic. Several infrastructural upgrades, interior renovations, exterior building repairs and enhancement works, including the refurbishment of the Plaza Fountain and the upgrade of the Bank's internal emergency and exit signage were completed. Additionally, Support Services introduced the Balance Scorecard approach to project management which was supplemented by the formation of a centralised team to streamline the management of core administrative duties. Nevertheless, disruptions were experienced as some sectors were closed or minimally staffed. This negatively affected the supply chain's ability to sustain certain activities and some projects that required human resources, equipment and interdependencies outside of the Bank were placed on hold.



Internal governance remained a priority during the financial year as the Bank's Internal Audit Department performed assurance engagements in the areas of Reserves Management, Finance and Accounting, Banking Operations, Security Services, Health and Safety and Facilities Management. The Department also redirected resources in order to provide a measure of assurance and consulting services for the Bank's Fintech initiatives. Major strategic achievements for Internal Audit include the revision of the Internal Audit Charter and Follow-up procedures, and the development of a Quality Assurance and Improvement Program (QAIP) policy.

Financial reporting was also improved as the new accounting rules related to International Financial Reporting Standard 9 – Financial Instruments (IFRS 9) were implemented. Other operational improvements included the selection of a new Custodian for the International Reserves and HSF, Teller Automation, the acquisition and implementation of a Loans Processing System and the implementation of electronic pay slips throughout the Bank.

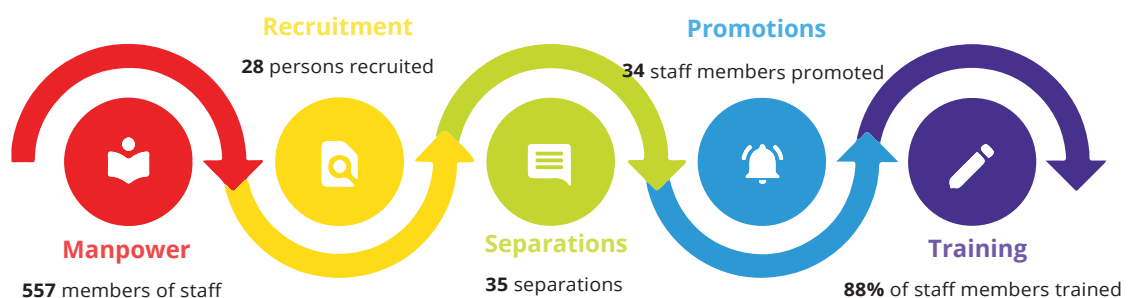
In the new financial year, efforts will continue to maintain vigilance on risks associated with the pandemic ensuring that the Bank's responses are appropriate, effective and in accordance with Ministry of Health guidelines. More broadly, however, work will continue to enhance overall risk vigilance, monitor key risk areas and report on emerging risks.

## HUMAN RESOURCES

The Bank's human resources became even more central to its operations during this extraordinary year. As at September 30, 2020, the Bank's manpower was 557. Staffing was impacted by the demonetization exercise, particularly during the first half of the financial year, with the recruitment of 15 retirees on short-term contracts to support the Banking Operations and Security Services departments to ensure a seamless process. During the financial year, the Bank recruited 28 persons (22 permanent and 6 on long-term contracts) to address gaps created largely because of attrition, but also based on the key staffing needs. Over the period, 35 persons separated from the Bank. A total of 34 staff members were promoted during the period with three persons being promoted into the management stream.

As an essential service, the Bank continued to operate notwithstanding the COVID-19 pandemic while always placing the health, safety and well-being of staff as priority. The Bank had already implemented its Work from Home (WFH) programme in February 2020 following the successful completion of a pilot, but the pandemic saw this extending to most employees from the end of March 2020. Only staff required to complete essential functions that were not possible to be carried out remotely, were required to report to work on site on a rotation basis. The Bank moved to 25 per cent onsite presence during the period mid-August 2020 to September and later in the year to a 20 per cent staff presence. Deliverables were kept sharply in focus to ensure that the Bank's mandate was fulfilled.

**Figure 4: Human Resource Highlights**





The execution of the HY2 2019/20 Training Plan was materially impacted by the pandemic. Notwithstanding this, the HR Department attempted to keep the momentum, by addressing high priority training and development needs. The Bank was able to adjust quickly by exploring virtual options with many of its several providers. Some planned programmes were replaced with others that were deemed more relevant and in keeping with our needs. When staff began working from home in large numbers, all in-person training programmes were modified to accommodate virtual attendance. As at September 30, 2020, 491 members of staff attended technical and non-technical in-house, local and overseas programmes. Staff rotations continued to be a significant development opportunity for employees during the period.

Staff engagement activities set in motion by the November 2018 Staff Opinion Survey continued during the period including departmental interventions and focus groups. CB Connect, the Bank's Mobile Application, continued to grow as a communication tool for the organisation, especially in light of the pandemic.

Effective May 1, 2020 the Bank transitioned from a self-funded Group Health Plan for staff, retirees and dependents to a traditional insurance arrangement with RMS/SAGICOR following a tender process. The Bank continued negotiations with BIGWU for the Collective Agreements for 2018 to 2020 for the staff in Bargaining Units 1 and 3 but the matter was referred to the Industrial Court by BIGWU in March 2020.

As part of the Bank's comprehensive Pandemic Response Plan, the HR Department implemented certain initiatives to support staff such as deferral of staff loans and pandemic leave. The Bank's Employee Assistance Provider, Families In Action, provided support to staff, as needed, through counselling services and their weekly online "Water Cooler" segments to assist staff in coping with the mental, physical and emotional effects of COVID-19.

The COVID-19 pandemic stymied the Department's Outreach activities resulting in cancellations of the Vacation Internship Programme, Take Your Child to Work and partnership with the local Down Syndrome Family Network. Additionally, all in-person health and wellness activities were cancelled, and the Child Care Facility was closed, following Government's closure of all public and private schools.

## **ECONOMIC RESEARCH AND STATISTICAL SERVICES**

The Research Department continued their work to better understand the domestic economy and provide analytical support for monetary and macroprudential oversight. Three Working Papers were published on relevant topics, including the impact of de-risking on trade financing and remittances, and the Bank's demonetization exercise, along with a compilation of five research papers on monetary policy. As part of the Caribbean Economic Research Team (CERT), a paper on Reducing Cash use in the Caribbean by 50 per cent in five years was completed.

To further support monetary policy, forecasts of key macroeconomic variables and international reserves were completed. In terms of other policy support, Research interfaced with the International Monetary Fund and local and foreign credit ratings agencies on Trinidad and Tobago's macroeconomic and financial outlook.

The Research Discussion Series continued allowing economists to present and receive feedback on their research papers. Economists also made presentations at external conferences such as the Caribbean Economic Research Team's (CERT) Annual Monetary Studies Conference. However, a key project to facilitate dialogue on economic and financial issues — the hosting of the Annual Research Review Seminar — was cancelled because of the COVID-19 outbreak.

The Research Department continued to take the lead in the preparation of the Bank's main reports



including the Economic Bulletins, the Monetary Policy Reports, the Annual Economic Survey and the Financial Stability Report, supported by the Bank's Statistical arm.

The statistics function continues its role to service the policy-making areas of the Bank. Objectives relating to the strategic project on strengthening the capture, collation, analysis and dissemination of high frequency economic information were well under way.

One vital element, the acquisition of a new data intake system, commenced with project completion carded for early 2021. This system will streamline and improve the efficiency of data capture and validation, immensely improving existing operations. In addition, improvements of the country's external sector statistics compilation continued. The team revised the leading survey used to collect data on international financial flows and stocks.

Some of the deliverables in the second half of the financial year were slowed by the COVID-19 pandemic and the related changes to working arrangements. Additionally, tasks unique to the current environment were also adopted. When the Bank relaxed the regulatory treatment of restructured loans in response to the pandemic, Statistics worked collaboratively with the Financial Institution Supervision Department to develop a template to capture data on loan concessions extended by the banking sector. As operations adjust to these new conditions, work will continue to improve the quality of data produced in support of data-policy decisions.

## **INFORMATION TECHNOLOGY AND KNOWLEDGE MANAGEMENT**

The Information Technology team's efforts remained focused on its core objectives and was successful in delivering many of the initiatives outlined in its Strategic Plan. This was despite the impact of the COVID-19 pandemic which significantly changed

the Bank's mode of operations. During the national lock-down, the Bank was called upon to provide its usual support to key stakeholders and, as such, the usual delivery of services was reconfigured to meet operational obligations.

By the end of September, the majority of Bank's staff had adopted a work-from-home regime to complete their daily assignments. This required a significant redirection of IT resources to deploy technology solutions to facilitate secure, remote connections to Bank systems, online collaboration on initiatives and issues, secure document sharing and virtual engagement with external stakeholders. Essential upgrades to hardware, applications and security tools were carried out and, in some instances, accelerated against the backdrop of the increased demand for remote connectivity.

Over the period, resiliency and recoverability of the Real Time Gross Settlement system was comprehensively tested in collaboration with the financial sector and upgrade and replacement of other components of payments services were mapped out. In addition, consolidation of the Bank's virtualised environment through implementation of Hyper Converged Infrastructure was completed as planned and network bandwidth between the primary and secondary data centres was expanded. An independent review of the Bank's Information Security Programme was completed resulting in a three-year Cyber-Security roadmap (**Figure 5**) to improve the Bank's security profile.

The focus next year will remain on secure delivery of IT-enabled services designed to enhance, and further expand, virtual working practices, deployment of a new backup and recovery solution, strengthening the Bank's information security maturity profile and ongoing support for Bank's systems and network infrastructure.

In relation to knowledge and information management, the Information Governance Framework was disseminated bank-wide. The Knowledge and Information Management department also assumed responsibility for the



Bank's automated Policy Management solution (MetaCompliance) and has devoted renewed efforts to ensure all staff are up-to-date with their policies and procedures especially in light of new working arrangements.

Further progress was made with the Document Management (DM) system. This system has been of tremendous benefit during the COVID-19 pandemic as staff were able to get remote access to digitally stored department's documents. The implementation of the Records Management Module commenced as planned but suffered delays because of the pandemic, resulting in an extension into the next financial year. This project will provide online access to the Bank's records from any location, in a secure, trustworthy and reliable environment.

Work continued on the lifecycle management of the Bank's records. A comprehensive records management review was undertaken and will extend into the next financial year. Critical Bank records continued to be digitised and incorporated into the Bank's records management programme.

While some challenges were experienced, adjustments were made to ensure that necessary information resources and services continued to be provided to the Bank, so that staff could perform their jobs while they worked from home. Measures were introduced to improve the efficiency of access and retrieval to all online resources by Bank staff to meet the Bank's information needs.

**Figure 5: Elements of the Cyber Security Roadmap**







## COMMUNITY ENGAGEMENT AND OUTREACH

*As the Bank celebrated its 55<sup>th</sup> Anniversary in 2019, it continued to recognise its role in community development and culture. However, some of these activities were hampered this year as a result of the restrictions associated with the COVID-19 pandemic.*

### FINANCIAL SERVICES

#### NATIONAL FINANCIAL LITERACY PROGRAMME (NFLP)

For the period October 2019 to September 2020, the NFLP rolled out a total of 55 face-to-face and online sessions to 2,427 participants. Most of the sessions targeted at-risk youths, community and niche groups, and persons with relatively lower levels of financial capability. NFLP participated in the Social Outreach and Impact Caravan, an initiative under the National Social Mitigation Plan of the Ministry of Social Development and Family Services. As part of the Caravan, NFLP provided advice and resources, and promoted financial education and awareness to participants across targeted districts in Trinidad.

Within the tertiary level sector, NFLP collaborated with Cipriani College of Labour and Cooperative Studies and extended its reach to other institutions by agreeing to run an additional eight-week programme and began discussions to introduce

two additional partners to its financial literacy programmes.

The website and social media platforms remained active throughout the pandemic as the programme moved the majority of its financial education activity online. In FY2019/20, a total of 6,526 users from over 25 countries visited the website. In terms of its social media platforms, the NFLP’s Facebook and Instagram pages gained 517 new followers.

Among the major achievements during the year was the completion of a Draft National Financial Literacy Strategy for Trinidad and Tobago. The capacity of the NFLP was enhanced by increasing the number of financial literacy facilitators, in the area of micro-entrepreneurship.

While internal partnerships were reinforced, external activities suffered as a result of the pandemic. The timeline for the National Financial Literacy Survey was adjusted outward, the flagship youth event —Global Money Week — was cancelled and there was a substantial reduction in the number of expositions and fairs. The most notable impact was the push towards digitisation of the products and services offered by the NFLP with financial literacy sessions being conducted online.



NFLP’s Prize Distribution: - Back to School, Word Scramble Puzzle Promotion



## OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN (OFSO)

While the first half of FY2019/20 was typical with the exception of a slight uptick in complaints regarding electronic transactions, the second half of the financial year saw a severe disruption in the operations of the OFSO. The four external offices have been closed since March, adversely affecting the most vulnerable customers. Notwithstanding the facility to lodge complaints online, many customers preferred in-person service.

The OFSO made significant use of its digital platform for public engagement. As part of public education, OFSO met with a number of stakeholders including the Legal Aid and Advisory Services and the Association of Trinidad and Tobago Insurance Companies (ATTIC) on the Dispute Adjudication and Settlements Project, and with several training agencies.

During the “first wave” of the pandemic, there was a proliferation of banking enquiries in relation to matters regarding loan commitments, mortgages and credit card payments. During this time, banks and insurance companies either closed some of their branches or reduced operating hours and were encouraging members of the public to access their online services. Many senior citizens, who were not familiar with the technology, reached out to the OFSO for assistance.

In FY2020/21, a data culture assessment of OFSO/NFLP will be conducted. The intent is to expand the range of data products published by the OFSO/NFLP and continue the development of interactive online accessibility. Also, a project for the digitisation of the records of OFSO/NFLP with a view to facilitating end-to-end electronic processing of complaints, will commence in early 2021.

## COMMUNICATIONS

### PUBLIC EDUCATION

The External Relations Department through its collaboration with the External Interface Project (EIP) team continued to enhance the quality of the Bank’s communication to the public. Website improvements are ongoing and the first in a series

of public education animated videos featuring the “CeeBee” mascot was completed and is being rotated on social media.

The Bank’s economic publications and the Visual Summaries to support them were prepared and published in conjunction with the Research Department. The EIP team also worked closely with the Department to launch two 55<sup>th</sup> anniversary publications.

### SOCIAL MEDIA

The Bank’s social media platforms — Facebook pages for the Bank and the Auditorium and the Museum’s Instagram account — launched in September 2019, are consistently updated. There has been a steady increase in the number of followers across all platforms specifically following the demonetization exercise as these served as a primary source of information for the public.

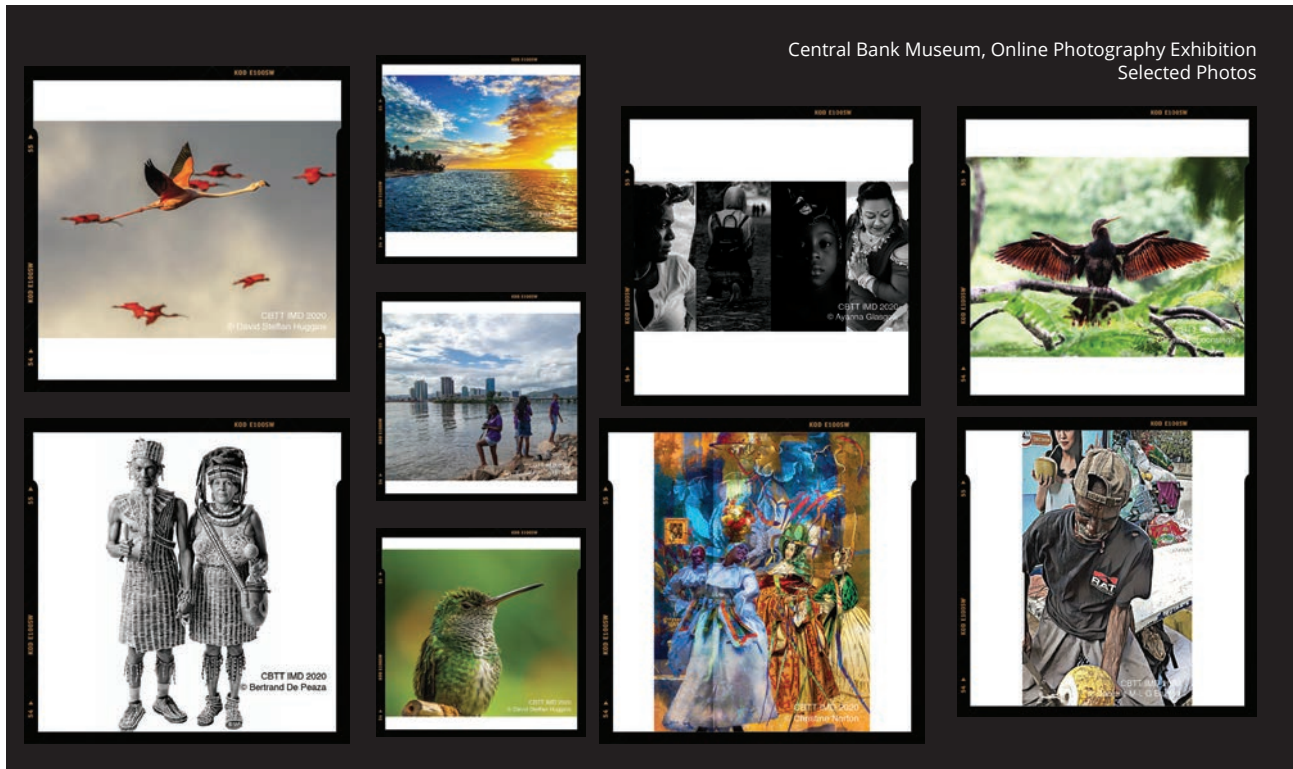
## OUTREACH

### CENTRAL BANK MUSEUM AND ART COLLECTION

The Bank’s Museum continued to enjoy a steady flow of visitors — 3,062 persons during the period October 1, 2019 to March 17, 2020 — after which the Museum was closed to the public because of the COVID-19 pandemic. During the first six months, the Museum continued its outreach activities, which included visitors from the Youth Training Centre, and tours by various schools. The Museum also assisted the National Library and Information System Authority (NALIS) with an exhibition of the works of pioneering Trinidad painter, Sybil Atteck. Three art exhibitions were held: the Central Bank Art Club Exhibition, TUCO (Money and Music) and the work of artist Ato Osei. As a result of pandemic restrictions, International Museum Day with the theme of “Museums for Equality: Diversion and Inclusion” was celebrated using a virtual format. This included an extremely successful on-line photography exhibition which remains available to the public via our website.



CeeBee,  
The Public Education  
Mascot



Central Bank Museum, Online Photography Exhibition  
Selected Photos

**CENTRAL BANK AUDITORIUM**

The COVID-19 pandemic and subsequent lockdown negatively impacted the Central Bank Auditorium’s activities in two major ways. Restrictions in the movement of essential and non-essential workers, border closure and port limitations delayed a planned upgrade of the sound system. Secondly, just like other performance spaces locally and internationally, the pandemic resulted in the closure of the Auditorium, and therefore the cancellation of all shows planned for that period. The Auditorium team was able to use social media to broadcast a series entitled *Xcerpts*, virtual concerts of some of the most popular past performances as a way to keep followers engaged. These were well received with close to 400 views for the 10 shows in June to August 2020.

**SCHOLARSHIPS AND INTERNSHIPS**

The Bank acknowledges its role in contributing to education and training. Unfortunately, as a result of the COVID-19 restrictions this year, the Bank’s Vacation Internship Programme (VIP) was cancelled.

**SPORTS AND CULTURAL CLUB**

The Central Bank Sports and Cultural Club (CBSCC) continued its line of activities in 2019/20 but most were curtailed by the emergence of the COVID-19 pandemic. Members of staff participated at the 16<sup>th</sup> edition of the UWI Spec International Half Marathon in October 2019. The Club was able to host an after work parang lime over the Christmas period and a soca event during the Carnival season, which featured several popular soca artistes. One of the Club’s main areas of focus was the preparation of a team for the Central Bank Inter-Regional Games originally carded for April 2020; however, the Games were cancelled as a result of the COVID-19 pandemic as countries closed their borders and restricted travel.



CBSCC Team at UWI Spec International Half Marathon



## WE CARE

The Bank's charity committee, the "We Care" Committee, embarked on a number of initiatives over the period. Through the Committee's flagship event, the annual Christmas Hamper Drive, the Bank distributed 250 hampers to needy families during the Christmas period. Other initiatives during the year focused on relief efforts surrounding the COVID-19 pandemic due to the adverse impact many households experienced.

The "We Care" Committee delivered grocery items to a total of 488 persons. The Committee also provided grocery supplies to the Living Waters Community to support their aid efforts. Additionally, 39 desktop computers were donated to schools and students to assist those who could not access online classes for lack of the necessary hardware.



"We Care" Initiatives

# PART 2



# FINANCIAL STATEMENTS





# REPORT OF THE AUDITOR GENERAL



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

### **R E P O R T O F T H E A U D I T O R G E N E R A L**

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

**FOR THE YEAR ENDED**

**30 September, 2020**

# REPORT OF THE AUDITOR GENERAL



## **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 2020**

### **OPINION**

The financial statements of the Central Bank of Trinidad and Tobago (the Bank) for the year ended 30 September 2020 have been audited. The statements as set out on pages 1 to 48 comprise a Statement of Financial Position as at 30 September 2020, a Statement of Comprehensive Income, a Statement of Changes in Equity and a Statement of Cash Flows for the year ended 30 September 2020 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 2020 and the related financial performance and its cash flows for the year ended 30 September 2020 in accordance with International Financial Reporting Standards 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.





## REPORT OF THE AUDITOR GENERAL

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 27<sup>th</sup> March, 2020 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 2<sup>nd</sup> June, 2020 conveyed his non-objection to 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 his 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.

## REPORT OF THE AUDITOR GENERAL

- 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.



**30<sup>TH</sup> NOVEMBER, 2020**  
**PORT OF SPAIN**

  
**LORELLY PUJADAS**  
**AUDITOR GENERAL**



# FINANCIAL STATEMENTS

**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
**STATEMENT OF FINANCIAL POSITION**

*As at 30 September 2020*

*(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sep-20 \$'000	Sep-19 \$'000
<b>ASSETS</b>			
<b>Foreign currency assets</b>			
Foreign currency cash and cash equivalents	4	24,860,896	22,610,051
Foreign currency investment securities	5,7	22,054,236	21,966,201
Foreign receivables	9	4,330,065	5,714,663
Subscriptions to international financial institutions	10	5,202,573	5,270,479
International Monetary Fund - Holdings of Special Drawing Rights		2,223,842	2,253,982
		<b>58,671,612</b>	<b>57,815,376</b>
<b>Local currency assets</b>			
Local currency cash and cash equivalents	4	530,638	1,225,108
Local currency investment securities	5, 6,7	144,633	168,510
Retirement benefit asset	8	74,718	68,136
Accounts receivable and prepaid expenses	9	2,186,841	2,203,152
Other assets	11	166,013	154,391
Property, plant and equipment	12	133,249	143,542
Intangible assets	13	11,180	11,845
Non current assets held for sale	14	20	20
		<b>3,247,292</b>	<b>3,974,704</b>
<b>TOTAL ASSETS</b>		<b>61,918,904</b>	<b>61,790,080</b>
<b>LIABILITIES</b>			
<b>Foreign currency liabilities</b>			
Demand liabilities - foreign	15	789,187	850,212
International Monetary Fund - Allocation of Special Drawing Rights		2,950,659	2,992,954
Accounts payable	16	4,574,605	6,242,155
		<b>8,314,451</b>	<b>10,085,321</b>
<b>Local currency liabilities</b>			
Demand liabilities - local	15	31,552,248	24,433,849
Accounts payable	16	12,584,937	17,657,039
Provision for transfer of surplus to government		1,377,582	1,883,991
Provisions	17	6,489,686	6,129,880
		<b>52,004,453</b>	<b>50,104,759</b>
<b>CAPITAL AND RESERVES</b>			
Capital	25	800,000	800,000
General reserve		800,000	800,000
		<b>1,600,000</b>	<b>1,600,000</b>
<b>TOTAL LIABILITIES, CAPITAL AND RESERVES</b>		<b>61,918,904</b>	<b>61,790,080</b>

  
\_\_\_\_\_  
Governor



  
\_\_\_\_\_  
Director

**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
**STATEMENT OF COMPREHENSIVE INCOME**

*For the Year Ended 30 September 2020*

*(Expressed in Trinidad & Tobago Dollars)*

		Sep-20 \$'000	Sep-19 \$'000
<b>Income from foreign currency assets</b>			
Investment income	18	669,516	1,122,137
Investment expense		(29,955)	(27,976)
		<u>639,561</u>	<u>1,094,161</u>
Realised gain/(loss) from currency translations		<u>14,629</u>	<u>(98,451)</u>
Net gain realised on disposal and amortisation of investments	18	<u>114,339</u>	<u>58,605</u>
		<u>768,529</u>	<u>1,054,315</u>
<b>Income from local currency assets</b>			
Interest income	19	1,093,795	1,283,973
Rental income		2,634	2,457
Other income	19	59,949	55,610
		<u>1,156,378</u>	<u>1,342,041</u>
Decrease in provisions		-	24,925
<b>Total income</b>		<u>1,924,907</u>	<u>2,421,282</u>
<b>Operating expenses</b>			
Printing of notes and minting of coins	20	98,461	48,625
Salaries and related expenses	21	244,284	273,242
Interest paid		76,595	92,919
Directors' fees		1,784	1,452
Depreciation	12	28,666	29,732
Amortization of intangible assets		1,307	960
Other operating expenses	22	89,280	90,360
Increase in provisions		6,948	-
<b>Total operating expenses</b>		<u>547,325</u>	<u>537,290</u>
<b>Net surplus for the period</b>		<u>1,377,582</u>	<u>1,883,991</u>
<b>Total comprehensive income for the period</b>		<u>1,377,582</u>	<u>1,883,991</u>

**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
**STATEMENT OF CHANGES IN EQUITY**

*For the Year Ended 30 September 2020*

*(Expressed in Trinidad & Tobago Dollars)*

	<b>Issued and Fully Paid Up Capital \$'000</b>	<b>General Reserves \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Total \$'000</b>
<b>Balance as at 1st October 2018</b>	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)
<b>Balance as at 30th September 2019</b>	<u>800,000</u>	<u>800,000</u>	<u>-</u>	<u>1,600,000</u>
<b>Balance as at 1st October 2019</b>	800,000	800,000	-	1,600,000
Net surplus for the period	-	-	1,377,582	1,377,582
Transfer of surplus to Consolidated Fund	-	-	(1,377,582)	(1,377,582)
<b>Balance as at 30th September 2020</b>	<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 2020*  
*(Expressed in Trinidad & Tobago Dollars)*

	Notes	Sep-20 \$'000	Sep-19 \$'000
<b>Cash flows from operating activities</b>			
Net surplus for the year before taxation		1,377,582	1,883,991
Adjustments for:			
Depreciation		28,666	29,732
Amortisation of intangible assets		1,307	960
Net loss on disposal of fixed assets		41	244
Impairment loss		-	292
Interest income		(1,744,632)	(2,385,662)
Interest expense		76,595	92,919
Dividend income		(1,424)	(1,827)
Provisions		6,948	(24,925)
		<u>(254,917)</u>	<u>(404,276)</u>
<b>Cash outflows before changes in operating assets and liabilities</b>			
<b>Changes in operating assets and liabilities</b>			
Decrease/(increase) in accounts receivable & prepaid expenses		1,344,668	(728,710)
(Increase)/decrease in other assets		(24,775)	10,248
(Increase)/decrease in retirement benefit asset		(6,582)	24,913
Increase/(decrease) in accounts payable and other liabilities		321,928	(3,661,788)
<b>Net cash flows used from/(used in) operations</b>		<u><b>1,380,322</b></u>	<u><b>(4,759,613)</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(19,056)	(24,016)
Proceeds from sale of property, plant and equipment		-	10,028
Net proceeds from sale/(purchase) of investments		334,230	(753,040)
Net repayment of loans and advances		23,545	64,997
Interest received		1,800,889	2,414,525
Dividends received		1,424	1,827
Interest paid		(80,833)	(93,338)
Net (increase) in International Monetary Fund Holding of Special Drawing Rights and Allocation account		(12,155)	(27,686)
Payment to Consolidated Fund		(1,883,991)	(1,471,860)
<b>Net cash flows from investing activities</b>		<u><b>164,053</b></u>	<u><b>121,437</b></u>
<b>Cash flows from financing activities</b>			
Lease payment		13,153	12,895
<b>Net cash flows from financing activities</b>		<u><b>13,153</b></u>	<u><b>12,895</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,557,528	(4,625,281)
<b>Foreign currency differences in monetary assets &amp; liabilities</b>		(1,153)	(90,159)
<b>Cash and cash equivalents, beginning of period</b>	4	<u>23,835,159</u>	<u>28,550,599</u>
<b>Cash and cash equivalents, end of period</b>	4	<u><b>25,391,534</b></u>	<u><b>23,835,159</b></u>



## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

*For the Year Ended 30 September 2020  
(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.

### 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
- 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:

- o *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.





## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

For the Year Ended 30 September 2020

(Expressed in Trinidad & Tobago Dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES CONT'D

#### a. Basis of preparation cont'd

- o *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.
- o *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.
- o *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 unrealized gains or losses on these investments under "Provisions" (see Note 17).

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.

#### b. Changes in accounting policies and disclosures

##### i. New standards and interpretations adopted by the Bank

- 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.

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

An assessment was carried out on the rental agreements entered into by the Bank to ensure compliance with the requirements of IFRS 16. It was determined that these rental agreements do not contain leases as the Bank does not have the right to control the use of the assets during the term of the contract. No changes were therefore required to the current accounting treatment.



## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

*For the Year Ended 30 September 2020  
(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*

There are new standards and amendments to standards and interpretations that are not yet effective for accounting periods beginning on or after January 1 2019 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 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

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 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.



**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
**NOTES TO FINANCIAL STATEMENTS**

*For the Year Ended 30 September 2020*  
*(Expressed in Trinidad & Tobago Dollars)*

**2. SIGNIFICANT ACCOUNTING POLICIES CONT'D**

**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 2020 was 0.108835 (September 2019 - 0.107297).

**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.



## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

For the Year Ended 30 September 2020  
(Expressed in Trinidad & Tobago Dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES CONT'D

#### e. Critical accounting estimates and judgments cont'd

##### 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).

##### 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

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. 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 2020  
(Expressed in Trinidad & Tobago Dollars)*

### 2. SIGNIFICANT ACCOUNTING POLICIES CONT'D *Business model assessment*

#### **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 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.



## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

*For the Year Ended 30 September 2020  
(Expressed in Trinidad & Tobago Dollars)*

### 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.

#### 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

IFRS 9 requires the Bank to record expected credit loss (ECL) on all financial assets measured at amortised cost or FVOCI with the introduction of 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.



## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

For the Year Ended 30 September 2020

(Expressed in Trinidad & Tobago Dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES CONT'D *Measurement of expected credit losses (ECL)*

#### i. Impairment of financial assets cont'd

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 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.

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.



## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

For the Year Ended 30 September 2020

(Expressed in Trinidad & Tobago Dollars)

### 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

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.





## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

For the Year Ended 30 September 2020

(Expressed in Trinidad & Tobago Dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES CONT'D

#### 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.

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.



## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

For the Year Ended 30 September 2020  
(Expressed in Trinidad & Tobago Dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES CONT'D

#### I. Employee benefits cont'd

##### *i. Pension benefits cont'd*

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.

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.

##### *ii. 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.

#### n. Leases

##### *i. Leases (as lessee)*

The Bank currently has several agreements for the rental of office space, photocopiers, off-site storage and carpark facilities. An assessment was carried out and it was determined that according to the principles outlined by IFRS 16 these rental agreements do not contain leases. The payments made under these rental agreements are therefore charged to the Statement of Comprehensive Income.



## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

For the Year Ended 30 September 2020  
(Expressed in Trinidad & Tobago Dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES CONT'D

#### n. Leases cont'd

##### 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.

#### 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



## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

*For the Year Ended 30 September 2020  
(Expressed in Trinidad & Tobago Dollars)*

### 2. SIGNIFICANT ACCOUNTING POLICIES CONT'D

#### p. Property, plant & equipment cont'd

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.

#### 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).

#### 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.



**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
**NOTES TO FINANCIAL STATEMENTS**

*For the Year Ended 30 September 2020*  
*(Expressed in Trinidad & Tobago Dollars)*

**2. SIGNIFICANT ACCOUNTING POLICIES CONT'D**      **y. Comparatives**

**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.

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



## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

*For the Year Ended 30 September 2020*

*(Expressed in Trinidad & Tobago Dollars)*

### 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.

**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
**NOTES TO FINANCIAL STATEMENTS**

*For the Year Ended 30 September 2020*

*(Expressed in Trinidad & Tobago Dollars)*

**4. CASH AND CASH EQUIVALENTS**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Currency on hand	84,664	114,423
Balances held with banks	3,160,232	2,540,487
Repurchase agreements	915,913	2,571,979
Fixed deposits	20,050,585	18,086,836
Short-term investments	1,180,140	521,434
	<b>25,391,534</b>	<b>23,835,159</b>

**Represented by:**

**Foreign currency - cash and cash equivalents**

Currency on hand	76,085	106,793
Balances held with banks	2,638,173	1,323,020
Repurchase agreements	915,913	2,571,979
Fixed deposits	20,050,585	18,086,836
Short-term investments	1,180,140	521,423
	<b>24,860,896</b>	<b>22,610,051</b>

**Local currency - cash and cash equivalents**

Cash on hand	8,579	7,631
Balances held with banks	522,059	1,217,466
Short-term investments	-	11
	<b>530,638</b>	<b>1,225,108</b>
	<b>25,391,534</b>	<b>23,835,159</b>

**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.

**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
**NOTES TO FINANCIAL STATEMENTS**

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*(Expressed in Trinidad & Tobago Dollars)*

**5. INVESTMENT SECURITIES**

	Sep-20 \$'000	Sep-19 \$'000
<b>Foreign currency investment securities</b>		
Fair value through profit or loss	22,054,236	21,966,201
	<b>22,054,236</b>	<b>21,966,201</b>
<b>Local currency investment securities</b>		
Bonds - amortised cost	26	6
Fair value through profit or loss	4,422	4,422
Loans and advances - amortised cost	140,185	164,082
	<b>144,633</b>	<b>168,510</b>
<b>Total investment securities</b>	<b>22,198,869</b>	<b>22,134,711</b>
<b>Fair value through profit and loss</b>		
<i>Foreign currency</i>		
Investment securities	21,783,910	21,896,981
Appreciation in market value	270,326	69,220
	<b>22,054,236</b>	<b>21,966,201</b>
<i>Local currency</i>		
Investments in related enterprises (Note 6)	4,422	4,422
	<b>4,422</b>	<b>4,422</b>
<b>Total fair value through profit and loss</b>	<b>22,058,658</b>	<b>21,970,623</b>
<b>Amortised cost</b>		
<i>Local currency</i>		
Loans and advances	140,185	164,082
Bonds	26	6
	<b>140,211</b>	<b>164,088</b>
<b>Total amortised cost</b>	<b>140,211</b>	<b>164,088</b>
<b>Total investment securities</b>	<b>22,198,869</b>	<b>22,134,711</b>





**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
**NOTES TO FINANCIAL STATEMENTS**

*For the Year Ended 30 September 2020*  
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**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:

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
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
	<b>4,422</b>	<b>4,422</b>

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.

**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
**NOTES TO FINANCIAL STATEMENTS**

*For the Year Ended 30 September 2020*  
*(Expressed in Trinidad & Tobago Dollars)*

**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 2020

Financial Assets	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Asset-backed Securities:				
Auto Loan Receivable	-	1,621,221	-	1,621,221
Credit Card Receivable	-	1,020,956	-	1,020,956
Other Asset-backed Securities	-	608,927	-	608,927
Corporate Bonds	-	3,311,712	-	3,311,712
Mortgage-backed Securities:	-	-	-	
Federal Home Loan Mortgage Corporation (FHLMC)	-	249,531	-	249,531
Federal National Mortgage Association (FNMA)	-	557,103	-	557,103
Government National Mortgage Association (GNMA) I	-	6,180	-	6,180
Government National Mortgage Association (GNMA) 11	-	636,915	-	636,915
Collateralized Mortgage backed Securities (CMO)	-	26,280	-	26,280
Government Issues	2,687,420	10,530,581	-	13,218,001
Gold	797,409	-	-	797,409
Investments in related enterprises	-	-	4,422	4,422
Municipals	-	-	-	-
Artwork	-	15,176	-	15,176
<b>Total</b>	<b>3,484,829</b>	<b>18,584,583</b>	<b>4,422</b>	<b>22,073,834</b>

**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
**NOTES TO FINANCIAL STATEMENTS**

*For the Year Ended 30 September 2020*  
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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 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
<b>Total</b>	<b>3,587,102</b>	<b>18,394,275</b>	<b>4,422</b>	<b>21,985,799</b>

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.



## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

*For the Year Ended 30 September 2020*

*(Expressed in Trinidad & Tobago Dollars)*

### **7. FAIR VALUE OF ASSETS AND LIABILITIES CONT'D**

#### **b. Transfers between fair value hierarchy levels**

There were no transfers between the hierarchy levels during the period 1 October 2019 and 30 September 2020.

#### **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.

**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
**NOTES TO FINANCIAL STATEMENTS**

*For the Year Ended 30 September 2020*

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**8. RETIREMENT BENEFIT ASSET**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Consolidated statement of financial position obligations for:		
- Pension plan	111,168	102,304
- Post-retirement medical plan	(36,450)	(34,168)
	<u>74,718</u>	<u>68,136</u>

**a) Pension plan**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Defined benefit obligation	(826,250)	(806,654)
Fair value of assets	937,418	908,958
IAS 19 net defined asset	<u>111,168</u>	<u>102,304</u>

**Reconciliation of opening and closing defined benefit assets**

Define benefit asset at prior year end	102,304	117,524
<b>Decrease in pension asset:</b>		
Net pension cost	(16,727)	(15,252)
Re-measurements of net define benefit asset/liability	12,231	(13,129)
Bank contribution paid	13,360	13,161
	<u>8,864</u>	<u>(15,220)</u>
Closing defined benefit asset	<u>111,168</u>	<u>102,304</u>

**Amounts recognised in the earnings statement**

Current service cost	(22,736)	(22,174)
Net interest on net defined benefit liability	6,710	7,617
Expense Allowance	(701)	(695)
Net pension cost	<u>(16,727)</u>	<u>(15,252)</u>

**Re-measurements of net define benefit asset/liability**

Experience gains/(losses)	12,231	(13,129)
Actuarial loss on plan assets	-	-
Actual return on plan assets	<u>12,231</u>	<u>(13,129)</u>

	<b>Sep-20</b>	<b>Sep-19</b>
<b>Actuarial assumptions</b>		
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**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
IAS 19 net defined obligation	(36,450)	(34,168)
<b>Reconciliation of opening and closing defined benefit liability</b>		
Defined benefit liability at prior year end	(34,168)	(24,475)
<b>Decrease in plan:</b>		
Net benefit cost	(3,641)	(2,648)
Re-measurements of net define benefit asset/liability	556	(7,946)
Bank contribution paid	803	901
	(2,282)	(9,693)
Closing defined benefit liability	<b>(36,450)</b>	<b>(34,168)</b>
<b>Amounts recognised in the earnings statement</b>		
Current service cost	(1,614)	(1,196)
Interest on defined benefit obligation	(2,027)	(1,452)
Net benefit cost	<b>(3,641)</b>	<b>(2,648)</b>
<b>Return on plan assets: The plan holds no assets</b>		
<b>Actuarial assumptions</b>		
Medical cost increases	5.00%	5.00%

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**9. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Foreign receivables</b>		
Pending trades - investments sold	4,250,315	5,581,632
Foreign interest receivable	73,760	129,876
Other receivables	5,990	3,155
	<b>4,330,065</b>	<b>5,714,663</b>
<b>Local receivables</b>		
Interest receivable on domestic investments	1	142
Amounts recoverable from CLF/GORTT (Note 27)	2,172,058	2,169,363
Other receivables	1,611	1,629
Prepayments	10,674	10,823
Suspense accounts- pending transfers	968	19,626
Value added tax	1,529	1,569
	<b>2,186,841</b>	<b>2,203,152</b>

**10. SUBSCRIPTIONS TO INTERNATIONAL FINANCIAL INSTITUTIONS**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Banco Latino Americano De Exportaciones	13,211	21,622
Caribbean Development Bank	8,194	8,194
Caribbean Information and Credit Rating Services Ltd	1,776	1,771
Corporacion Andina de Formento	729,603	727,566
Inter-American Development Bank	6,695	6,695
International Bank for Reconstruction and Development	119,389	119,055
International Development Association	6,745	6,742
International Finance Corporation	333	333
International Monetary Fund	4,316,627	4,378,501
	<b>5,202,573</b>	<b>5,270,479</b>

The holdings in Banco Latino Americano De Exportaciones (Bladex) are based on a quoted market price off the New York Stock Exchange of US\$ 12.15/ share as at 30 September 2020 (2019 US\$ 19.94/ share).

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**11. OTHER ASSETS**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Leased asset	55,297	68,450
Stock of notes and coins	108,994	84,019
Consumables	1,722	1,922
	<b>166,013</b>	<b>154,391</b>

**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%.

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Gross receivable due	58,089	72,611
Present value of minimum lease payments	(55,297)	(68,450)
<b>Total unearned finance income</b>	<b>2,792</b>	<b>4,161</b>

**Gross receivables due**

Not later than one year	14,522	14,522
Later than one year but within five years	43,567	58,089
	58,089	72,611
Less: unearned finance income	(2,792)	(4,161)
<b>Net investment in finance lease</b>	<b>55,297</b>	<b>68,450</b>

**The net investment in finance lease is analysed as follows:**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	14,238	14,237
Later than one year but within five years	41,059	54,213
	<b>55,297</b>	<b>68,450</b>



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**11. OTHER ASSETS CONT'D**

**Inventory of notes and coins**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Notes	100,692	74,677
Coins	8,302	9,342
	<b>108,994</b>	<b>84,019</b>

**Inventory of notes**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	74,677	78,477
Cost of notes issued	(78,772)	(40,516)
Purchase of notes	113,104	53,967
Accruals	-	(17,251)
Demonitization \$100 cotton note	(8,317)	-
<b>Closing balance</b>	<b>100,692</b>	<b>74,677</b>

**Inventory of coins**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	9,342	15,789
Cost of coins issued	(6,373)	(6,447)
Accruals	1,341	-
Purchase of coins	3,992	-
<b>Closing balance</b>	<b>8,302</b>	<b>9,342</b>

By way of Legal Notice No. 357 of 2019, the Bank demonetised the \$100 cotton-based notes which ceased to be legal tender effective January 1, 2020. As a result, the stock of \$100 cotton notes held, both at the Bank and at De La Rue, valued at \$8,317,138.12 was written off.

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**NOTES TO FINANCIAL STATEMENTS**

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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
<b>As at 30th September 2020</b>							
<b>Net book value</b>							
Balance b/fwd 01 Oct 2019	72,018	10,642	15,288	13,456	27,682	4,456	143,542
Transfers	834	-	905	3,539	208	(5,486)	-
Additions	107	-	5,975	1,886	838	9,608	18,414
Disposals	-	-	(41)	-	-	-	(41)
Depreciation for the year	(12,045)	(7)	(6,525)	(7,241)	(2,848)	-	(28,666)
	<u>60,914</u>	<u>10,635</u>	<u>15,602</u>	<u>11,640</u>	<u>25,880</u>	<u>8,578</u>	<u>133,249</u>

Represented by:

Represented by:

Cost

Accumulated depreciation

432,372	10,923	113,154	85,033	64,944	8,578	715,004
(371,458)	(288)	(97,552)	(73,393)	(39,064)	-	(581,755)
<u>60,914</u>	<u>10,635</u>	<u>15,602</u>	<u>11,640</u>	<u>25,880</u>	<u>8,578</u>	<u>133,249</u>

	Land & Building	Leasehold Property	Machinery & Equipment	Computer Equipment	Furniture, Fixture & Fittings, Artwork	Capital Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 30th September 2019</b>							
<b>Net book value</b>							
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)
Balance carried forward	<u>72,018</u>	<u>10,642</u>	<u>15,288</u>	<u>13,456</u>	<u>27,682</u>	<u>4,456</u>	<u>143,542</u>

Represented by:

Cost

Accumulated depreciation

431,431	10,922	108,564	79,833	64,216	4,456	699,422
(359,413)	(280)	(93,276)	(66,377)	(36,534)	-	(555,880)
<u>72,018</u>	<u>10,642</u>	<u>15,288</u>	<u>13,456</u>	<u>27,682</u>	<u>4,456</u>	<u>143,542</u>



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**13. INTANGIBLE ASSETS**

<u>As at 30th September 2020</u>	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net book value</b>		
Balance b/fwd	11,845	-
Additions	642	12,805
Depreciation for the year	(1,307)	(960)
	<u>11,180</u>	<u>11,845</u>
Represented by:		
Cost	13,448	12,805
Accumulated depreciation	(2,268)	(960)
	<u>11,180</u>	<u>11,845</u>

**14. NON-CURRENT ASSETS HELD FOR SALE**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Freehold land	20	20
	<u>20</u>	<u>20</u>

In the financial year September 30, 2018 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 and were reflected in the Financial Statements at the lower of the carrying value and fair value less costs to sell.

During the financial year 2019, the commercial building was sold, whilst the parcel of land located at Toco remains available for immediate sale and continues to be 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.

**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
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**15. DEMAND LIABILITIES**

<b>Demand liabilities - foreign</b>	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign deposits	3,829	4,956
Government special accounts	785,358	845,256
	<u>789,187</u>	<u>850,212</u>
<b>Demand liabilities - local</b>	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Notes in circulation	7,474,527	8,633,381
Coins in circulation	252,097	244,959
Deposits by commercial banks	27,597,398	18,561,593
Deposits by non-banking financial institutions	220,760	265,934
Statutory deposits - insurance companies	8,898	20,855
Deposits by government and government agencies	(10,065,580)	(9,583,905)
Deposits by other current accounts	2,616,593	2,646,344
Deposits by regional and international institutions	222,098	419,531
Promissory Notes due to international financial institutions	3,225,457	3,225,157
	<u>31,552,248</u>	<u>24,433,849</u>

**a. Deposits by financial institutions**

The required statutory cash reserve ratios for commercial banks was changed from 17% to 14% on March 18, 2020. Non-bank financial institutions remained unchanged at 9 percent of their prescribed liabilities. Notwithstanding, over the period October 2019 to September 2020 the average value of the commercial banks' required reserves decreased by about 2.3 percent, while non-banks' required reserves increased by about 22 percent respectively, over the corresponding period 2018-2019.

**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**

<b>Accounts payable - Foreign</b>	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Bilateral accounts	15,434	33,212
Pending trades - investments purchased	4,557,735	6,202,537
Other payables	1,436	6,406
	<b>4,574,605</b>	<b>6,242,155</b>

<b>Accounts payable - Local</b>	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables and accrued charges	65,244	67,109
Interest payable	529	4,767
Unclaimed monies	27,745	23,050
Blocked accounts	11,902,268	17,488,130
Other payables	589,151	73,983
	<b>12,584,937</b>	<b>17,657,039</b>

**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).

## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

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### 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:

<b>Provisions</b>	<b>Sep-20</b> <b>\$'000</b>	<b>Sep-19</b> <b>\$'000</b>
Gold reserve	574,542	416,903
Foreign currency exchange rate reserves	5,565,125	5,511,787
Pension reserve	74,718	68,136
Revaluation reserve on investments	275,301	133,054
	<b>6,489,686</b>	<b>6,129,880</b>

### 18. INCOME FROM FOREIGN CURRENCY ASSETS

	<b>Sep-20</b> <b>\$'000</b>	<b>Sep-19</b> <b>\$'000</b>
<b>Investment income</b>		
Interest on United States dollar balances & securities	641,111	1,076,958
Interest on other foreign balances & securities	9,726	24,731
Other income	18,679	20,448
	<b>669,516</b>	<b>1,122,137</b>
<b>Investment expenses</b>	<b>(29,955)</b>	<b>(27,976)</b>
<b>Realised gain/(loss) from currency translation</b>	<b>14,629</b>	<b>(98,451)</b>
<b>Net gain/(loss) realised on disposal and amortisation of investment</b>		
Gains realised on disposal of investments	140,129	61,004
Losses realised on disposal of investments	(25,790)	(2,399)
	<b>114,339</b>	<b>58,605</b>
<b>Total income from foreign assets</b>	<b>768,529</b>	<b>1,054,315</b>

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**19. INCOME FROM LOCAL CURRENCY ASSETS**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Interest income</b>		
Loans	1,090,281	1,277,643
Other investments	3,514	6,330
	<u>1,093,795</u>	<u>1,283,973</u>
 <b>Other income</b>		
General earnings	307	1,029
Dividends	45	155
Fees charged to financial institutions	59,039	53,101
Profit on sale of assets	-	14
Other	558	1,311
	<u>59,949</u>	<u>55,610</u>

**20. PRINTING OF NOTES AND MINTING OF COINS**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Cost of new notes issued	78,772	40,516
Cost of new coins issued	6,373	6,447
Other printing and minting expenses	4,999	1,662
Write-off of cotton \$100 notes	8,317	-
Total costs for printing of notes and minting of coins	<u>98,461</u>	<u>48,625</u>

**21. SALARIES AND RELATED EXPENSES**

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and allowances	211,494	206,457
National insurance	7,839	8,107
Employee benefits- pension and post retirement medical plan (Note 8)	(6,582)	24,913
Other staff costs	31,533	33,765
	<u>244,284</u>	<u>273,242</u>

## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

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### 22. OTHER OPERATING EXPENSES

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Other operating expenses include:</b>		
Advertising and public relations	4,402	2,031
CL Financial expenses (Note 27)	2,365	984
Computer expenses	27,332	26,083
Conferences and meetings	654	2,189
Contribution to other organizations	2,514	2,506
Electricity	3,889	3,869
Insurance	3,222	3,374
Library expenses	3,503	3,905
Loss on disposal of assets	41	383
Impairment loss on non-current assets held for sale	-	292
Maintenance cost	23,035	23,233
Printing and stationery	2,581	2,920
Professional fees	1,939	4,774
Rent	4,423	4,364
Telephone	4,933	4,330
Other expenses	4,447	5,123
	<b>89,280</b>	<b>90,360</b>

### 23. CAPITAL COMMITMENTS

There was \$2.3 million in outstanding commitments for capital expenditure as at 30 September 2020 (30 September 2019 - \$3.8 million).

### 24. LEASEHOLD OBLIGATIONS – OPERATING LEASES

#### 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.





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**25. CAPITAL**

	<b>Sep-20</b> <b>\$'000</b>	<b>Sep-19</b> <b>\$'000</b>
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:

	<b>Sep-20</b> <b>\$'000</b>	<b>Sep-19</b> <b>\$'000</b>
<b>Interest income from local currency assets</b>	1,087,621	1,276,792
<b>Interest expense</b>	63,782	59,859
<b>Assets</b>		
Local currency investment securities	26	6
<b>Liabilities</b>		
Demand liabilities - foreign	785,358	845,256
Demand liabilities - local	(8,838,410)	(8,401,764)
Accounts payable	11,902,268	17,488,131

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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:

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Income</b>		
Dividend Income	45	155
Rental income	243	243
Other income	42	42
	<b>330</b>	<b>440</b>
<b>Expenditure</b>		
Salaries and related expenditure	1,107	1,028
	<b>1,107</b>	<b>1,028</b>
<b>Ending period balances</b>		
Investments in related enterprises	4,422	4,422
Payables to related enterprises	1,375,058	1,450,404

**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.

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	66,552	64,364
Directors' fees	1,802	1,462



## CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO FINANCIAL STATEMENTS

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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. By Order of the Court, CIB was placed into Liquidation in October 2011 under the Deposit Insurance Corporation.

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 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. Progress of the sale of the traditional portfolio of CLICO and BAT has been impacted by court proceedings in the context of a challenge by one of the bidders for the portfolios.

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

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.

	<b>Sep-20</b>	<b>Sep-19</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Assets</u></b>		
Amounts recoverable from CLF/GORTT	<b>2,172,058</b>	<b>2,169,363</b>



**CENTRAL BANK OF TRINIDAD AND TOBAGO  
NOTES TO FINANCIAL STATEMENTS**

*For the Year Ended 30 September 2020*

*(Expressed in Trinidad & Tobago Dollars)*

**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**  
**NOTES TO FINANCIAL STATEMENTS**

*For the Year Ended 30 September 2020*  
*(Expressed in Trinidad & Tobago Dollars)*

**29. STATEMENT OF FINANCIAL POSITION – CURRENT/NON-CURRENT DISTINCTION**

ASSETS	Current \$'000	Sep-20 Non-Current \$'000	Total \$'000
<b>Foreign currency assets</b>			
Foreign currency cash and cash equivalents	24,860,896	-	24,860,896
Foreign currency investment securities	6,217,428	15,836,808	22,054,236
Foreign receivables	4,330,065	-	4,330,065
Subscriptions to international financial institutions	-	5,202,573	5,202,573
International Monetary Fund - Holdings of Special Drawing Rights	-	2,223,842	2,223,842
	<b>35,408,389</b>	<b>23,263,223</b>	<b>58,671,612</b>
<b>Local currency assets</b>			
Local currency cash and cash equivalents	530,638	-	530,638
Local currency investment securities	30,154	114,479	144,633
Retirement benefit asset	-	74,718	74,718
Accounts receivable and prepaid expenses	2,186,356	485	2,186,841
Other assets	124,133	41,880	166,013
Property, plant and equipment	-	133,249	133,249
Intangible assets	-	11,180	11,180
Non current assets held for sale	20	-	20
	<b>2,871,301</b>	<b>375,991</b>	<b>3,247,292</b>
<b>TOTAL ASSETS</b>	<b>38,279,690</b>	<b>23,639,214</b>	<b>61,918,904</b>
<b>LIABILITIES</b>			
<b>Foreign currency liabilities</b>			
Demand liabilities - foreign	789,187	-	789,187
International Monetary Fund - Allocation of Special Drawing Rights	-	2,950,659	2,950,659
Accounts payable	4,574,605	-	4,574,605
	<b>5,363,792</b>	<b>2,950,659</b>	<b>8,314,451</b>
<b>Local currency liabilities</b>			
Demand liabilities - local	31,552,248	-	31,552,248
Accounts payable	11,415,739	1,169,198	12,584,937
Provision for transfer of surplus to government	1,377,582	-	1,377,582
Provisions	916,900	5,572,786	6,489,686
	<b>45,262,469</b>	<b>6,741,984</b>	<b>52,004,453</b>
<b>CAPITAL AND RESERVES</b>			
Capital	-	800,000	800,000
General reserve	-	800,000	800,000
	<b>-</b>	<b>1,600,000</b>	<b>1,600,000</b>
<b>TOTAL LIABILITIES, CAPITAL AND RESERVES</b>	<b>50,626,261</b>	<b>11,292,643</b>	<b>61,918,904</b>

**CENTRAL BANK OF TRINIDAD AND TOBAGO**  
**NOTES TO FINANCIAL STATEMENTS**

*For the Year Ended 30 September 2020*

*(Expressed in Trinidad & Tobago Dollars)*

**29. STATEMENT OF FINANCIAL POSITION – CURRENT/NON-CURRENT DISTINCTION CONT'D**

ASSETS	Current \$'000	Sep-19 Non-Current \$'000	Total \$'000
<b>Foreign currency assets</b>			
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
	<b>33,563,281</b>	<b>24,252,095</b>	<b>57,815,376</b>
<b>Local currency assets</b>			
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
	<b>3,563,138</b>	<b>411,566</b>	<b>3,974,704</b>
<b>TOTAL ASSETS</b>	<b>37,126,419</b>	<b>24,663,661</b>	<b>61,790,080</b>
<b>LIABILITIES</b>			
<b>Foreign currency liabilities</b>			
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
	<b>7,092,367</b>	<b>2,992,954</b>	<b>10,085,321</b>
<b>Local currency liabilities</b>			
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
	<b>39,413,408</b>	<b>10,691,351</b>	<b>50,104,759</b>
<b>CAPITAL AND RESERVES</b>			
Capital	-	800,000	800,000
General reserve	-	800,000	800,000
	<b>-</b>	<b>1,600,000</b>	<b>1,600,000</b>
<b>TOTAL LIABILITIES, CAPITAL AND RESERVES</b>	<b>46,505,775</b>	<b>15,284,305</b>	<b>61,790,080</b>

# APPENDICES

2019-2020

**Table A.1**  
**CURRENCY IN CIRCULATION**  
**2015 – 2020**  
(TT\$ '000s)

End of Month	Notes (Old TT)	Notes (Republic)	Total Notes in Circulation	Coins	Total Currency in Circulation
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
Sep-19	19,044	8,606,726	8,625,770	244,951	8,870,721
Oct-19	19,044	8,651,394	8,670,438	245,802	8,916,240
Nov-19	19,044	8,771,510	8,790,554	246,623	9,037,177
Dec-19	19,044	8,554,958	8,574,002	247,112	8,821,114
Jan-20	19,044	5,692,615	5,711,659	247,807	5,959,466
Feb-20	19,044	6,382,172	6,401,216	248,105	6,649,321
Mar-20	19,044	7,037,001	7,056,045	248,688	7,304,733
Apr-20	19,044	7,217,858	7,236,902	249,201	7,486,103
May-20	19,044	7,127,382	7,146,426	249,700	7,396,126
Jun-20	19,044	7,281,798	7,300,842	250,273	7,551,115
Jul-20	19,044	7,493,443	7,512,487	250,793	7,763,280
Aug-20	19,044	7,769,793	7,788,837	251,451	8,040,288
Sep-20	19,044	7,930,631	7,949,675	252,096	8,201,771

Source: Central Bank of Trinidad and Tobago





**TABLE A.3**  
**COMMERCIAL BANKS:**  
**AVERAGE DEPOSIT LIABILITIES AND REQUIRED AND ACTUAL CASH RESERVES**  
**for Period Ending September 2020**  
(TT\$ '000s)

Reserve Period Ending	Average Deposit Liabilities	Required Cash Reserves	Average Cash Reserves
02-Oct-19	80,892,971	13,751,805	17,690,771
09-Oct-19	81,053,676	13,779,125	18,412,665
16-Oct-19	80,901,041	13,753,177	18,221,257
23-Oct-19	81,041,076	13,776,983	19,498,574
30-Oct-19	81,500,929	13,855,158	18,013,718
06-Nov-19	81,735,612	13,895,054	19,110,926
13-Nov-19	81,957,435	13,932,764	20,043,923
20-Nov-19	82,082,629	13,954,047	19,444,260
27-Nov-19	82,323,312	13,994,963	18,533,520
04-Dec-19	82,605,041	14,042,857	19,356,044
11-Dec-19	83,127,371	14,131,653	19,295,570
18-Dec-19	83,734,641	14,234,889	17,406,265
25-Dec-19	83,734,641	14,234,889	20,466,749
02-Jan-20	85,631,482	14,557,352	20,832,551
08-Jan-20	86,737,253	14,745,333	19,772,459
15-Jan-20	87,751,853	14,917,815	19,314,471
22-Jan-20	88,049,641	14,968,439	19,753,069
29-Jan-20	88,144,894	14,984,632	19,194,354
05-Feb-20	88,263,206	15,004,745	18,284,084
12-Feb-20	88,026,729	14,964,544	18,632,909
19-Feb-20	88,013,794	14,962,345	17,460,427
26-Feb-20	87,898,012	14,942,662	17,408,019
04-Mar-20	87,627,900	14,896,743	18,071,153
11-Mar-20	87,714,176	14,911,410	19,292,630
18-Mar-20	87,746,564	12,284,519	17,432,324
25-Mar-20	87,943,436	12,312,081	18,463,919
01-Apr-20	87,933,100	12,310,634	17,344,749
08-Apr-20	87,873,743	12,302,324	17,462,451
15-Apr-20	87,767,186	12,287,406	17,908,908
22-Apr-20	87,771,143	12,287,960	18,183,305
29-Apr-20	87,772,307	12,288,123	18,631,537
06-May-20	87,813,771	12,293,928	19,958,336
13-May-20	87,951,814	12,313,254	20,124,536
20-May-20	88,148,379	12,340,773	20,653,365
27-May-20	88,575,100	12,400,514	21,652,004
03-Jun-20	88,859,436	12,440,321	22,492,473
10-Jun-20	89,456,743	12,523,944	22,673,975
17-Jun-20	89,836,143	12,577,060	22,703,849
24-Jun-20	90,047,271	12,606,618	22,603,263
01-Jul-20	90,359,107	12,650,275	22,517,738
08-Jul-20	90,342,600	12,647,964	22,643,298
15-Jul-20	90,340,236	12,647,633	21,964,153
22-Jul-20	90,543,629	12,676,108	21,954,350
29-Jul-20	90,528,514	12,673,992	22,439,496
05-Aug-20	90,599,829	12,683,976	24,288,178
12-Aug-20	90,734,329	12,702,806	24,393,065
19-Aug-20	90,988,729	12,738,422	24,246,380
26-Aug-20	91,292,379	12,780,933	24,404,485
02-Sep-20	91,543,221	12,816,051	24,892,177
09-Sep-20	91,900,207	12,866,029	25,438,887
16-Sep-20	92,044,064	12,886,169	26,548,817
23-Sep-20	92,240,979	12,913,737	26,618,812
30-Sep-20	92,478,779	12,947,029	27,597,398

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 2020**  
 (TT\$ '000s)

Reserve Period Ending	Average Deposit Liabilities	Required Cash Reserves	Average Cash Reserves
02-Oct-19	2,370,667	213,360	278,698
09-Oct-19	2,494,389	224,495	289,657
16-Oct-19	2,578,456	232,061	302,110
23-Oct-19	2,656,689	239,102	305,146
30-Oct-19	2,675,289	240,776	306,736
06-Nov-19	2,699,633	242,967	309,190
13-Nov-19	2,717,167	244,545	310,848
20-Nov-19	2,720,967	244,887	310,359
27-Nov-19	2,719,944	244,795	310,493
04-Dec-19	2,713,578	244,222	309,752
11-Dec-19	2,687,256	241,853	309,830
18-Dec-19	2,661,256	239,513	305,978
25-Dec-19	2,661,256	239,513	306,009
02-Jan-20	2,620,589	235,853	268,684
08-Jan-20	2,558,544	230,269	261,910
15-Jan-20	2,497,178	224,746	256,360
22-Jan-20	2,436,522	219,287	251,186
29-Jan-20	2,389,856	215,087	247,962
05-Feb-20	2,393,256	215,393	247,195
12-Feb-20	2,398,567	215,871	222,441
19-Feb-20	2,406,922	216,623	223,356
26-Feb-20	2,416,222	217,460	223,622
04-Mar-20	2,422,556	218,030	224,120
11-Mar-20	2,428,089	218,528	224,747
18-Mar-20	2,379,267	214,134	220,277
25-Mar-20	2,324,444	209,200	216,022
01-Apr-20	2,272,411	204,517	211,257
08-Apr-20	2,217,211	199,549	206,172
15-Apr-20	2,222,378	200,014	206,522
22-Apr-20	2,284,178	205,576	212,225
29-Apr-20	2,332,744	209,947	216,728
06-May-20	2,388,600	214,974	221,828
13-May-20	2,422,344	218,011	224,915
20-May-20	2,384,944	214,645	221,578
27-May-20	2,357,633	212,187	219,239
03-Jun-20	2,323,689	209,132	216,183
10-Jun-20	2,301,822	207,164	214,234
17-Jun-20	2,300,400	207,036	214,131
24-Jun-20	2,300,611	207,055	214,255
01-Jul-20	2,273,078	204,577	211,665
08-Jul-20	2,258,722	203,285	210,274
15-Jul-20	2,263,211	203,689	210,709
22-Jul-20	2,257,133	203,142	210,187
29-Jul-20	2,279,200	205,128	212,264
05-Aug-20	2,296,956	206,726	214,284
12-Aug-20	2,294,578	206,512	214,278
19-Aug-20	2,299,000	206,910	214,952
26-Aug-20	2,304,889	207,440	218,764
02-Sep-20	2,299,911	206,992	214,850
09-Sep-20	2,310,178	207,916	215,925
16-Sep-20	2,325,544	209,299	257,533
23-Sep-20	2,341,067	210,696	539,100
30-Sep-20	2,358,667	212,280	220,760

Source: Central Bank of Trinidad and Tobago



## NOTES



## NOTES



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