



CENTRAL BANK OF
TRINIDAD & TOBAGO

ANNUAL REPORT **2018**

The page features decorative blue geometric patterns on the left and right sides. These patterns consist of overlapping triangles and polygons in various shades of blue, creating a modern, architectural look. The central area is white, providing a clean background for the text.

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.



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.

LAWS OF TRINIDAD AND TOBAGO



INSURANCE ACT CHAPTER 84:01

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

FINANCIAL INSTITUTIONS ACT CHAPTER 79:09

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

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

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

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

LETTER OF TRANSMITTAL



December 28, 2018

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

CB-DGS-56/2018

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, 2018.

A handwritten signature in black ink that reads 'Sandra Sookram'.

Sandra Sookram (Dr.)
Deputy Governor



Our Mission

"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

20
18

Central Bank of Trinidad and Tobago

In 1964, the Central Bank of Trinidad & Tobago was established by an Act of Parliament. Its main functions were outlined as follows: issue and redeem currency, act as the Government's banker, promote financial stability, manage the exchange rate, maintain monetary stability. This is the Bank's fifty-fourth Annual Report.

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The background features a white central area flanked by blue geometric patterns. On the left and right sides, there are clusters of overlapping triangles in various shades of blue. A network of thin white lines connects the vertices of these triangles, creating a mesh-like structure. A bright, glowing blue point is located at the intersection of several lines on the right side, casting a soft light on the surrounding area.

PART 01




GOVERNOR'S FOREWORD



Dr. Alvin Hilaire

Governor

Chairman of the Board

 **the Bank established
a National Financial
Education Committee to build
concrete financial literacy
programmes nationwide...**

The backdrop in which the Central Bank operated in FY2017/18 was relatively stable but challenging. Internationally, while the economic situation in the United States strengthened in the context of fiscal stimulus, growth in several other advanced and emerging economies slowed amid lower export growth, higher prices for energy imports, and political uncertainty. While the rise in global energy prices boosted earnings from Trinidad and Tobago's main exports, increases in the US Federal Reserve rates adversely affected TT/US interest differentials.

On the domestic front, inflation remained very low, averaging just about 1.5 per cent. There was also evidence of a nascent recovery from the economic contraction of the previous two years as natural gas production benefitted from investment in the Juniper gas platform. At the same time, the spillover impact on non-energy sectors was limited, with construction and distribution activity remaining relatively sluggish. The Government continued on its fiscal consolidation path; its reliance on domestic budget financing meant that liquidity conditions were dominated by public sector borrowing requirements—affecting the pace of the Central Bank's open market operations. More generally therefore, monetary policy had to finely balance external considerations regarding interest differentials with the need for continued support for a domestic recovery that was not yet well established. The Bank also paid close attention to the foreign exchange market, maintaining a predictable intervention schedule while adjusting the investment strategy on its international reserves in a sometimes volatile external capital market.

GOVERNOR'S FOREWORD



Governor
Chairman of the Board

The Trinidad and Tobago financial system remained strong and resilient throughout the year with a banking system well capitalised and other financial institutions generally in a healthy state. The Bank's supervisory powers were significantly boosted with the passage of the long overdue Insurance Act in mid-2018 that is due to be proclaimed into law in early 2019. The very dynamic financial setting in Trinidad and Tobago and the wider Caribbean region—involving cross-border mergers and acquisitions of different types of financial institutions—has led the Bank to progressively reorient its supervision towards a more consolidated and risk-based approach in closer collaboration with other regulators. The emergence of cryptocurrencies and more extensive cyber security risks have also impacted on the scope and conduct of supervision.

During the year, the Central Bank significantly progressed several of its strategic initiatives. As regards dealing with financial groups and regulatory collaboration, multi-year supervisory plans for commercial banks were established and greater focus was placed on the sharing of information and analysis of regional entities with other regulators. As regards public education,

 <p>RISK</p>	<p>Conducted Bank-wide Risk Assessment Programme.</p>		<p>Amended staff rotation policy and revised and implemented the promotions policy.</p>		<p>Participated in constituting the National Financial Education Committee.</p>
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GOVERNOR'S FOREWORD

the Bank established a National Financial Education Committee to build concrete financial literacy programmes nationwide. Internally, we heightened our enterprise-wide risk assessment procedures and fortified our cyber security framework, while extending the codification of our policies and procedures.

The strength of the Central Bank lies in its personnel and during the year staff training was intensified in technical and managerial areas, with collaboration and attachments with international agencies and institutions, such as the Bank of Canada. The greater use of intra-Departmental team efforts resulted in very successful advances and upgrading of the Bank's media communication, hosting of high-level regional conferences and our taking the lead role in the Caribbean Economic Research Team—a regional think-tank of Central Bank Research Directors. A new mobile application was developed to strengthen communication with staff members while fresh wellness programs were instituted in order to improve work-life balance.

The year ahead is expected to remain challenging given the complicated external environment and adjustment path of the domestic economy. The Bank will continue to develop its analytical capability to be able to respond quickly and effectively to circumstances as they affect monetary policy. With respect to the financial sector, some of the priorities include the Central Bank's exit from the control of Colonial Life Insurance Company Limited (CLICO); finalising regulations and guidelines for the new Insurance Act; Basel II/III implementation; strengthening market conduct oversight; and adopting an approach to Fintech/digital currencies. Internally, the Central Bank will complete several projects aimed at streamlining the management of international reserves and shoring up controls and governance more broadly. We will also continue to expose our staff to extensive technical training that provides a solid foundation for the work of the institution. Overall, a key overarching principle of the Bank's approach will remain forging collaborative domestic and international relationships in the interest of monetary and financial stability in Trinidad and Tobago.

Governor
Chairman of the Board
Dr. Alvin Hilaire



LEADERSHIP AND
ORGANISATIONAL
STRUCTURE

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS



Dr. Alvin Hilaire
Governor



Dr. Sandra Sookram
Deputy Governor

NON-EXECUTIVE DIRECTORS



Mr. Surendra Arjoon

Period of
Appointment:
Feb. 4, 2016 –
Feb. 3, 2019



Ms. Vyjanti Beharry

Period of
Appointment:
Feb. 4, 2016 –
Feb. 3, 2019



Ms. Luana Boyack

Period of
Appointment:
Feb. 4, 2016 –
Feb. 3, 2019



Mr. Vishnu Dhanpaul

Period of
Appointment:
Mar. 13, 2017 –
Mar. 12, 2020



Mr. Richard Duncan

Period of
Appointment:
Feb. 4, 2016 –
Feb. 3, 2019



Mr. Lancelot Jack

Period of
Appointment:
Feb. 4, 2016 –
Feb. 3, 2019

BOARD GOVERNANCE

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

The Governor serves for a term of five years. The Deputy Governor serves for a specified term and the other board members are appointed for a three-year term. There were no changes to the composition of the Board during the 2017/18 financial year.

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. The dates of the Meetings of the Board for the Financial Year 2017/18 are set out in the table below. For the Financial Year 2017/18, the Board held a total of 9 Board Meetings and 3 Special Board Meetings.

DIRECTORS	2017			2018								
	OCT 27	NOV 24	DEC 15	JAN 26	FEB 16*	MAR 23	MAR 23*	MAY 25	MAY 25*	JUN 29	JUL 27	SEP 29
Dr. Alvin Hilaire (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Sandra Sookram (Deputy Governor)	✓	Abs	✓	✓	✓	✓	✓	✓	✓	✓	Abs	✓
Prof. Surendra Arjoon (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Vjanti Beharry (Non-Executive Director)	✓	✓	✓	✓	✓	Abs	Abs	✓	✓	Abs	✓	✓
Ms. Luana Boyack (Non-Executive Director)	✓	Abs	✓	✓	✓	✓	✓	✓	✓	✓	✓	Abs
Ms. Richard Duncan (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Lancelot Jack (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Vishnu Dhanpaul (Public Service Director)	✓	✓	✓	Abs	✓	✓	✓	✓	✓	✓	✓	✓

Source: Central Bank of Trinidad and Tobago. * Special Board Meetings.

✓	Present
Abs	Absent

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

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

Source: Central Bank of Trinidad and Tobago.

SENIOR MANAGEMENT

EXECUTIVES



Dr. Alvin Hilaire
Governor



Dr. Sandra Sookram
Deputy Governor



Mrs. Michelle Chong Tai-Bell
Inspector
of Financial
Institutions (Ag.)

SENIOR MANAGERS



Ms. Arvinder Bharath
Senior Manager,
Financial Technology
and Information
Security



Ms. Marie Borely
Senior Manager,
Finance, Accounting
and Support Services



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



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

SENIOR MANAGEMENT

SENIOR MANAGERS



Mr. Neil Dingwall
Specialist Advisor
to the Governor



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



Mr. Alister Noel
Senior Manager,
Operations



Mr. Patrick Solomon
Senior Specialist
Advisor, Corporate
Governance, Controls
and Compliance

MANAGEMENT

MANAGERS



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



Mr. Vaughn Halliday
Manager,
Support Services
– Facilities



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



Mrs. Heather Huggins
Manager,
Human Resources



Mr. Naveen Lalla
Manager,
Pensions and
Intermediaries



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



Mrs. Denise Rodriguez-Archie
Manager,
Internal Audit



Mr. Garnett Samuel
Manager,
Research



Ms. Joanne Seeram
Manager,
Customer Support
and Information
Security



Mr. Dominic Stoddard
Financial Services
Ombudsman

MANAGEMENT

MANAGERS



Mr. Christopher Subryan
Manager,
Finance and
Accounting



Mrs. Sharon Villafana
Manager,
Banking Operations



Mr. Kendall Cuffy
Manager,
Banks and Non-Banks



Mr. John Griffith
Manager,
Risk Management
and IT Governance



Ms. Natalie Roopchandsingh
Manager,
Insurance

MANAGEMENT

ASSISTANT MANAGERS



Ms. Amrita Gosine
Assistant Manager,
External Relations



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



Ms. Patricia Babwah
Assistant Manager,
Legal and Contract
Services



Ms. Leslie Des Vignes
Assistant Manager,
Payment Systems



Ms. Leslie-Ann Figaro
Assistant Manager,
Banking Operations



Mr. Kevin Finch
Assistant Manager,
Macro Prudential
Analysis



Ms. Loren Harrinath
Assistant Manager,
Applications



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



Mr. Sherwin Kerr
Chief of Security,
Security



Dr. Reshma Mahabir
Assistant Manager,
Quantitative Research

ASSISTANT MANAGERS

ASSISTANT MANAGERS



Ms. Isha Marshall
Assistant Manager,
Finance and
Accounting



Ms. Lisa Quintyne
Assistant Manager,
Infrastructure



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



Mrs. Sonia Raphael
Assistant Manager,
Banking Operations



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



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

SPECIALIST ADVISORS

SENIOR SPECIALIST



Ms. Wynnell De Landro-Robinson
Advisor,
Insurance
Supervision



Ms. Dianne Pierre
Senior Specialist,
Strategic Projects

SPECIALISTS



Mr. Anson Caliste
Specialist,
Project Management



Ms. Denise Daniel
Specialist,
Industrial Relations



Mrs. Sheriza Hassan-Ali
Specialist Advisor,
ITS Governance and
Risk Management



Ms. Sandra Racha
Specialist Advisor,
Energy Policy

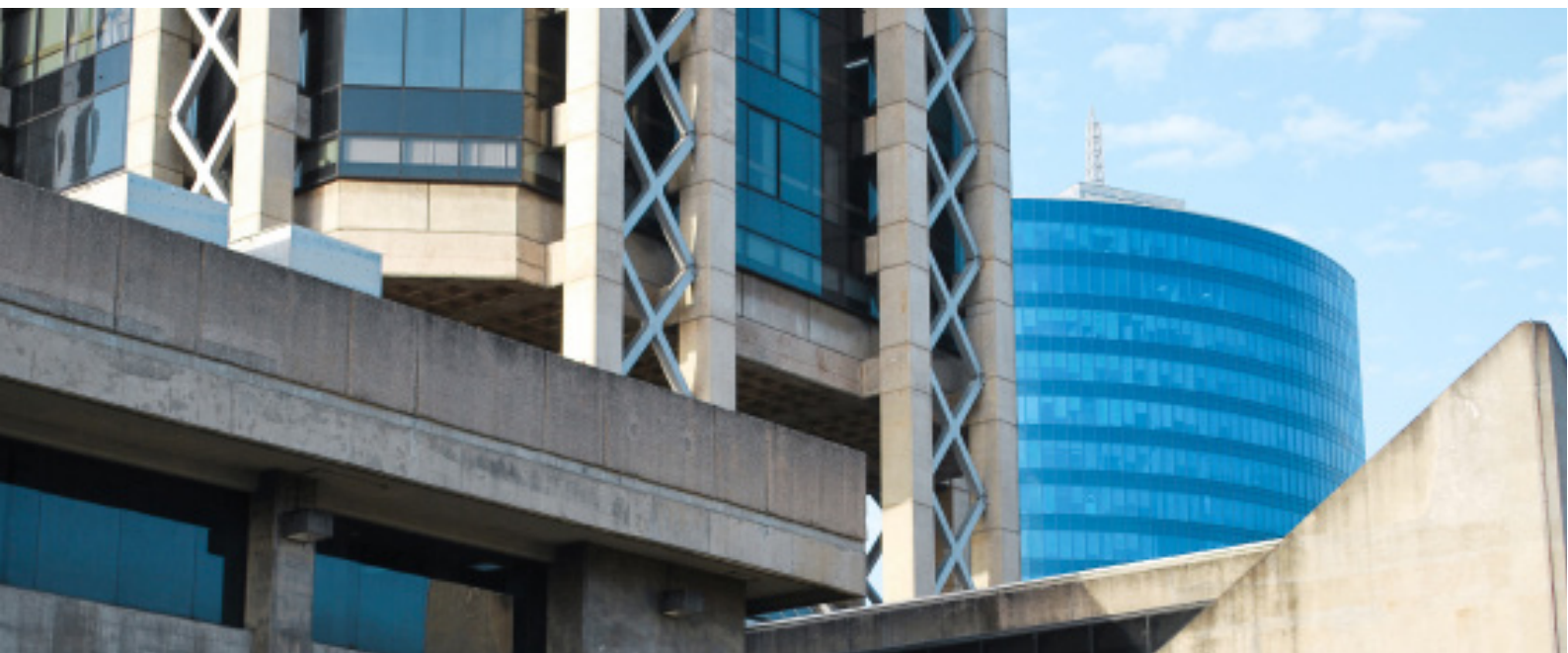


Ms. Jacinta Sohun
Specialist Advisor,
Insurance



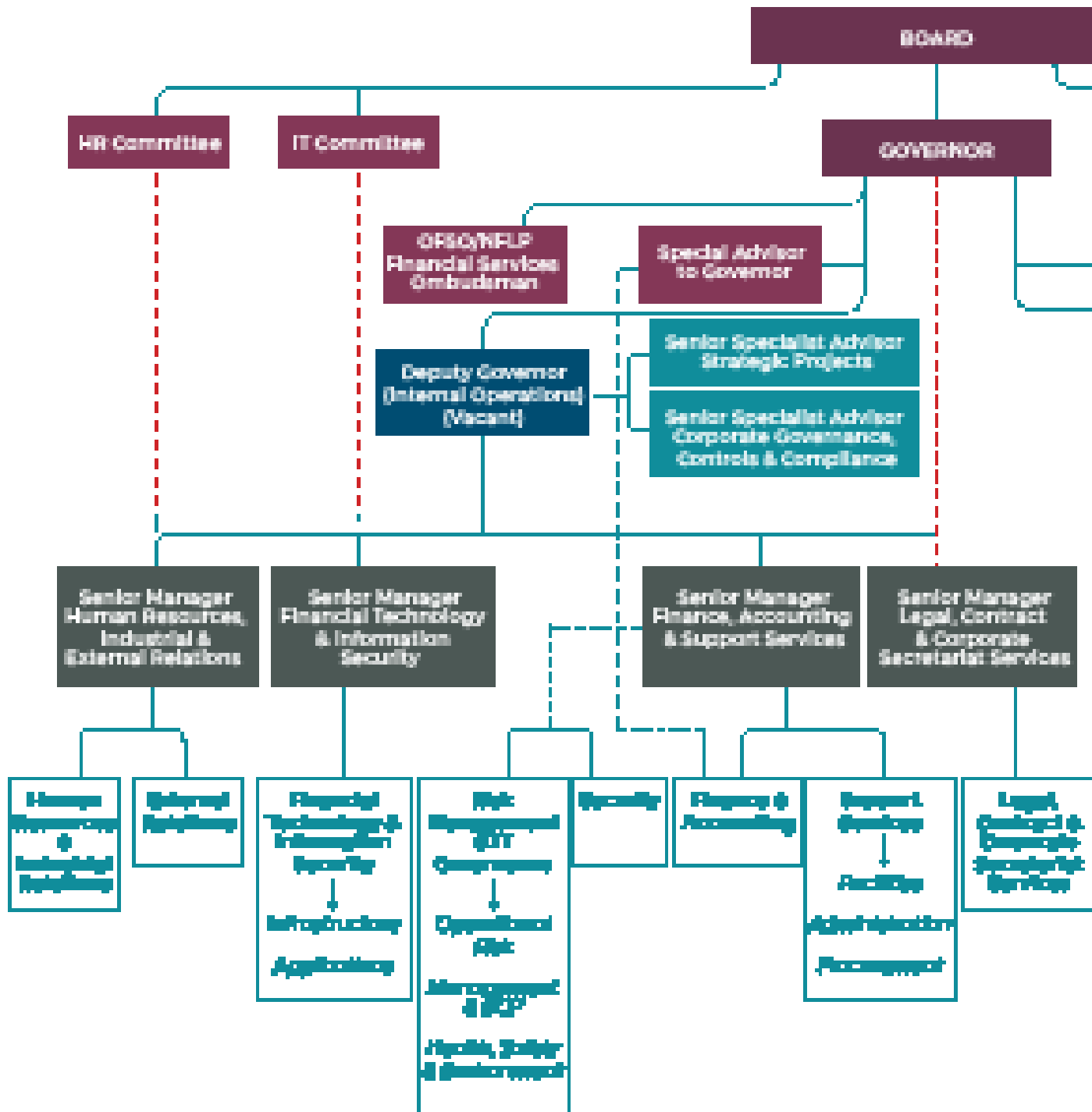
OUR VISION

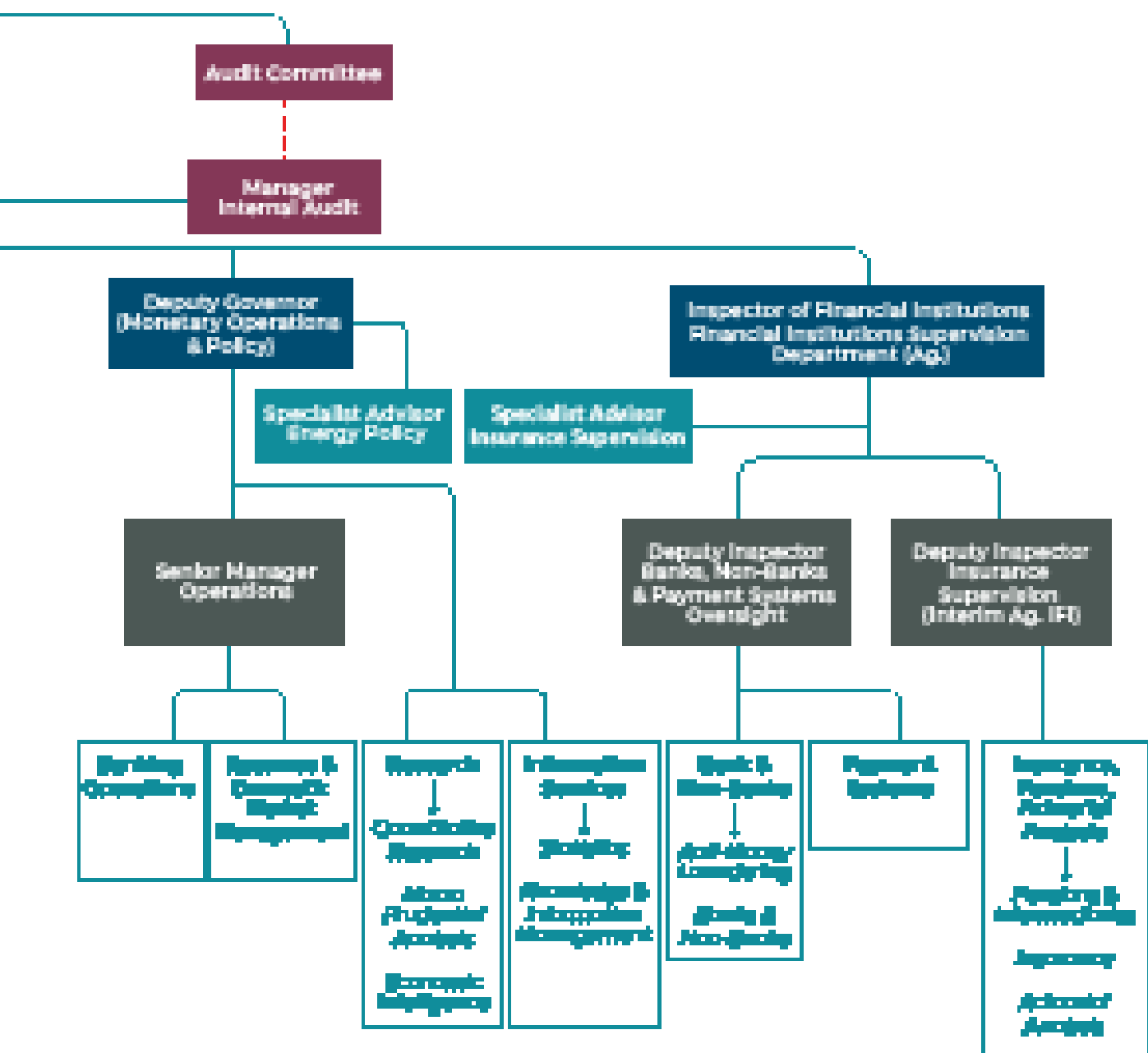
The Bank shall have as its purpose the promotion of such monetary, credit and exchange policies as would foster monetary and financial stability and public confidence and be favourable to the economy of Trinidad and Tobago.



ORGANISATIONAL STRUCTURE

AS AT SEPTEMBER 30, 2018





CENTRAL BANK OF TRINIDAD AND TOBAGO

STRATEGIC PLAN

2016/17-2020/21

Highlights of Year 2: 2017/18

During the financial year 2017/18, the Central Bank completed the second year of its five-year Strategic Plan 2016/17-2020/21. The pace of implementation of all 23 strategic projects (aligned to the 3 strategic themes of Monetary Policy, Financial Stability and Internal Operations) gathered momentum and the Bank identified additional projects to be incorporated into the Plan in the third year, based on emerging priorities.

Highlights of some of the key achievements of the Strategic Plan during the year included: the financial literacy programme was enhanced by formal collaboration with other agencies; the project to replace the Portfolio Management System reached near completion; our approach to dealing with financial groups and coordination with other supervisory agencies was meaningfully improved; recommendations on strengthening the legal framework for credit union regulation and supervision were shared with relevant stakeholders; the establishment of more explicit internal policies and procedures and the assignment of Departmental 'risk champions' helped to heighten enterprise-wide risk assessment at the Bank; and the Bank's cyber security framework was strengthened.

An Implementation Update for the second year of the Strategic Plan is provided in more detail on the Central Bank's website: <https://www.central-bank.org.tt/sites/default/files/page-file-uploads/strategic-plan-fy17-fy21-project-implementation-update-year2.pdf>

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.



MONETARY POLICY

The 1 cent coin was demonetised with effect from July 03, 2018.

The replacement of the Portfolio Management System was significantly advanced.

FINANCIAL STABILITY

Strengthen supervision of financial groups through deepening of supervisory collaboration and enhanced reporting.

Issued a revised and risk-based AML/CFT guideline.

The Bank shared recommendations on strengthening the legal framework for credit union regulation and supervision with relevant stakeholders.

INTERNAL OPERATIONS

The financial literacy programme was enhanced by formal collaboration with other agencies.

'Risk champions' were assigned to heighten enterprise-wide risk assessment.

The Bank's cyber security framework was strengthened.



REVIEW OF
ACTIVITIES
2017 - 2018¹

¹ The Bank's financial year runs from October 1, 2017 to September 30, 2018.

MONETARY POLICY AND ECONOMIC DEVELOPMENTS

In 2018, the global economy maintained its growth momentum from the previous year. Strong fiscal stimulus fueled a rebound of economic activity in the US, while growth remained slow in other advanced and emerging market and developing economies. The global economic situation was beset by trade tensions between the US and several of its key trading partners, protracted negotiations on the UK's withdrawal from the European Union, and financial market volatility. A few major central banks continued to normalise their monetary policy in 2018, chief among them being the US Federal Reserve (Fed). The Fed raised interest rates three times during the year and progressively shrunk its balance sheet, while the European Central Bank reduced monthly bond purchases.

The Trinidad and Tobago economy improved in the context of a recovery in the energy sector. New natural gas output from the BPTT Juniper platform positively impacted the production of LNG and petrochemicals. On the other hand, the non-energy sector remained somewhat sluggish as spillovers from the energy sector were slow in coming. Inflationary pressures were well contained, with headline inflation averaging below 2 per cent over the financial year. Meanwhile available data suggest labour market conditions weakened.

The Central Government continued to consolidate its fiscal operations in fiscal year (FY) 2017/18 with the fiscal deficit falling to 4.0 per cent of GDP from 9.1 per cent of GDP in the previous year. The smaller deficit reflected higher receipts and lower expenditure, and was financed by local and foreign borrowings. At the end of September 2018, public sector debt—excluding treasury bills and treasury notes issued for open market operations (OMOs)—stood at 60.8 per cent of GDP from 62.1 per cent of GDP in September 2017.

Consolidated financial system credit to the private sector rebounded during October 2017 - September 2018, and averaged 5.4 per cent, up from 2.9 per cent one year earlier. Real estate mortgages drove the uptick in private sector credit as greater competition among lenders brought mortgage lending rates down. Consumer lending also accelerated, from 3.7 per cent to 7.2 per cent over the same period, but much of this increase was for debt consolidation and refinancing. Growth in business lending was modest. Meanwhile, commercial banks' interest spread narrowed largely on account of falling lending rates. In response to an increase in the Repo rate in June 2018, the banking sector's median prime lending rate rose to 9.25 per cent from 9.00 per cent.

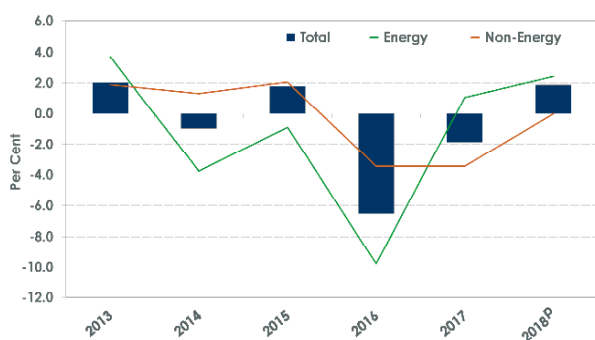
Trinidad and Tobago's gross official reserves amounted to \$7,465.3 million at the end of September 2018, \$1,041.3 million lower than at the end of September 2017. This represented 8.1 months of prospective imports of goods and services, compared to 9.8 months at the end of September 2017. On the external accounts, available information up to September 2018 indicated that the current account balance improved largely on account of a recovery in energy exports.

In the foreign exchange market, improved energy sector activity resulted in higher foreign exchange inflows. Total foreign exchange inflows from the public were in October 2017 - September 2018 period 11 per cent higher when compared to the same period a year earlier. Foreign exchange interventions by the Central Bank were also lower year-on-year by 25 per cent. The exchange rate remained stable, with the nominal weighted average selling rate standing at US\$1 = TT\$6.7564 at end-September 2018 compared with US\$1 = TT\$6.7591 at end September 2017.

The Central Bank in determining the monetary policy path in fiscal 2017/18 balanced domestic economic conditions with international financial considerations. In June 2018, the Bank increased the Repo rate by 25 basis points – for the first time since 2015 – as the differential between the US and TT short-term interest rates continued to widen. The widening differential threatened to intensify

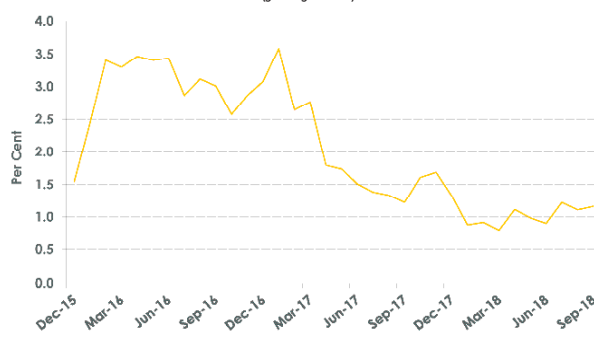
demand for foreign exchange locally to fund investments abroad. In September, however, the Bank held the Repo rate steady to support the strengthening of the economy and as inflation remained controlled. In August, the Bank eliminated the secondary reserve requirement as it reduced its use of direct monetary instruments.

GDP Growth



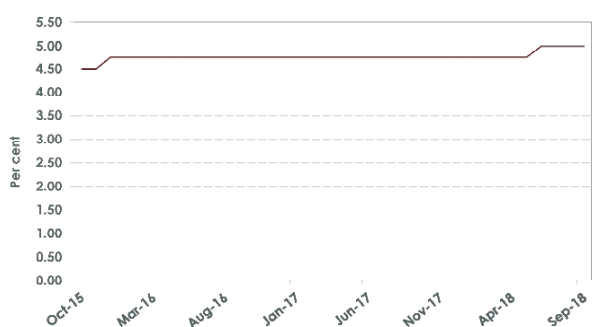
The Trinidad and Tobago economy improved in the context of a recovery in the energy sector.

Index of Retail Prices (y-o-y % Δ)



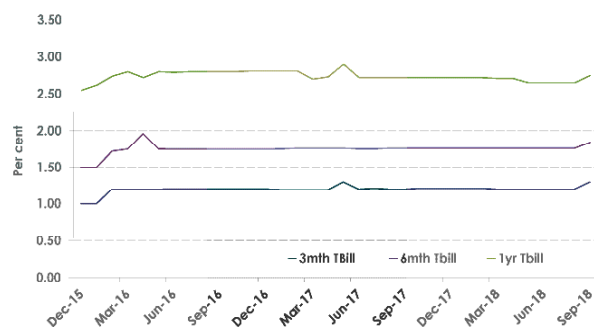
In the context of restrained aggregate demand, domestic inflationary pressures were relatively well contained.

Repo Rate



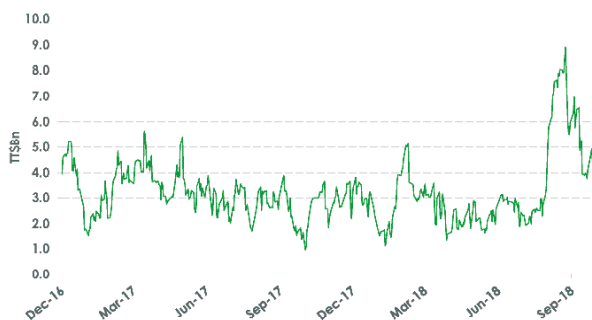
The Bank increased the Repo rate by 25 basis points to 5.00 per cent in June 2018; making this the first increase since December 2015.

Treasury Bill Rates



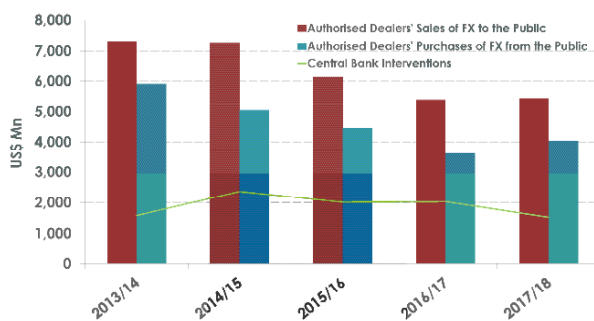
Partly influenced by the increase in the Repo rate, domestic short-term interest rates increased slightly during the year.

Commercial Banks' Excess Reserves



The Bank in effecting its open market operations has contained liquidity levels.

Authorised Dealers Sales and Purchases of Foreign Exchange



Improvements in energy sector activity resulted in higher foreign exchange inflows to authorised dealers.

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). In keeping with this requirement, the strategic objectives related to monetary policy continued to advance alongside the successful execution of the Bank’s routine monetary operations. In this area, advances were made as regards the streamlining of currency issuance, the management of the foreign exchange reserves and the promotion of capital market efficiency.

BANKING OPERATIONS

Over the course of the year the streamlining of currency issuance and banking operations continued, in particular by way of demonetisation of the one cent coin and altering the metallic composition of the remaining coins.

CURRENCY

Demonetisation of the 1 Cent Coin and Recycling of Alloy Coins

The discontinuation of the issuance of the one cent coin to commercial banks in the month, culminated in its demonetisation in July 2018. The Bank, with the assistance of the commercial banks, conducted redemption drives to withdraw the one cent from the public. By way of a Notice published in the Gazette dated March 30, 2018, the Central Bank “called in” all one cent coins for the purpose of withdrawing them from circulation. Through the enactment of the Central Bank (Withdrawal, Redemption and Demonetisation of One Cent Coins) Regulations, 2018 on July 3, 2018, the one cent coin ceased to be legal tender for cash

payments. The Central Bank also issued notices prescribing the rules on rounding of cash payments and the conditions for the redemption of the one cent coin (Box 1).

The coin redemption drive was also aimed at recovering more costly to mint alloy coins in circulation, namely the 5 cent, 10 cent and 25 cent coins. This was part of a coinage reform project to reduce minting costs by changing the metal composition of major circulation coins. During the period October 2017 to September 2018, the Bank collected 77 million coins and disposed of 45.1 million coins for metal value in keeping with its recycling strategy (Table 1 and Chart 1)². The Bank cashed in on the intrinsic value of the one cent coins and the alloy based (5¢, 10¢, 25¢) coins by selling them abroad and replacing them with more cost-effective metal-plated coins that are made with a 90 per cent steel core and less than 10 per cent nickel and copper overlay. As at July 13, 2018, one hundred and five metric tonnes of coins were sold to an international metal recycler.

Table 1
Coins Collected and Recycled
Oct 2017 - Sep 2018

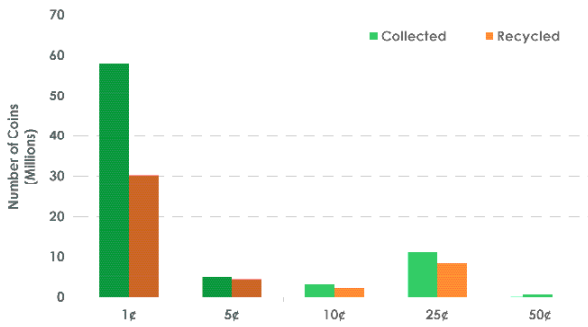
DENOMINATION	DEPOSITED	RECYCLED
	No. of Coins	No. of Coins
1¢	57,884,309	30,220,000
5¢	4,925,807	4,314,000
10¢	3,091,739	2,148,000
25¢	11,048,022	8,412,000
50¢	51,400*	0
TOTAL	77,001,277	45,094,000

Source: Central Bank of Trinidad and Tobago

* The metal composition of the fifty cent coin was not changed and as such this coin is not earmarked for recycling.

2. During the coin redemption drive, demonetised one cent coins outstripped deposits of coins at the Central Bank by the commercial banks that exceed the volume necessary to meet public demand. The Bank removed the 1¢ and alloy-based 5¢, 10¢, 25¢ coins from circulation, sold them for their metal value and replaced them with less costly metal-plated coins. The remaining coins that were deemed fit were re-circulated.

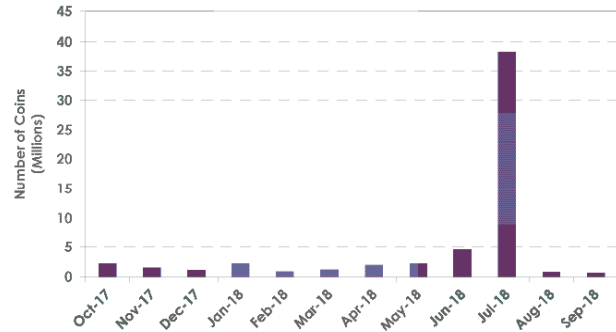
Chart I
Collected and Recycled Coins
Oct 2017 - Sep 2018



Source: Central Bank of Trinidad and Tobago

With respect to the 1 cent coins, a total volume of 58 million pieces was redeemed during the period October 2017 to September 2018, compared with 14 million for the corresponding prior period (Chart II). There was a large increase in one cent coin redemptions in July 2018, the month of the demonetisation (Chart III). Given the significant volume of these coins that possibly remain in the public's hands, the Bank intends to invite the public to continue the redemption of these coins over the 2018/19 financial year.

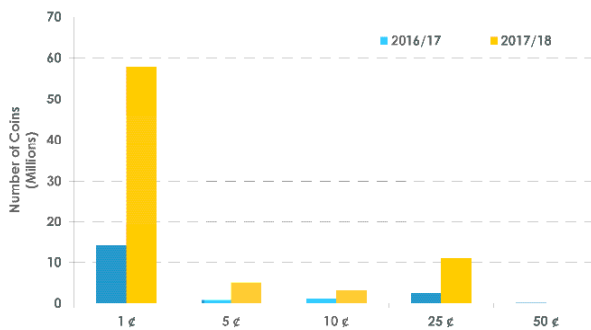
Chart III
Distribution of One Cent Coin
Redemption by Month



Source: Central Bank of Trinidad and Tobago

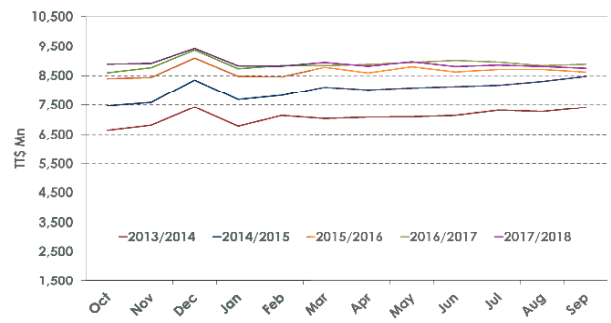
During the period October 2017 to September 2018, currency in circulation decreased by 1.5 per cent from \$8.9 billion to \$8.7 billion. This compares with an increase of 3.1 per cent in the previous financial year (Chart IV). As a per cent of GDP, currency in circulation also declined to around 5 per cent from 6 per cent in the previous financial year. The normal seasonal increases in currency in circulation were observed over the period October 2017 – January 2018, with levels peaking in December 2017.

Chart II
Volume of Coins Redeemed



Source: Central Bank of Trinidad and Tobago

Chart IV
Currency in Circulation



Source: Central Bank of Trinidad and Tobago

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. As at September 2018, there was approximately \$8.7 billion in circulation, of which \$8.5 billion were notes.

The volume of new notes issued by the Bank decreased by about 11 per cent, from 78 million to a total of 69 million. As expected, the \$100 denomination continued to represent the largest value of all notes in circulation, representing about 90 per cent while the \$1 denomination accounted for the largest volume of notes in circulation at 42 per cent (Chart V).



58mn 1c coins redeemed



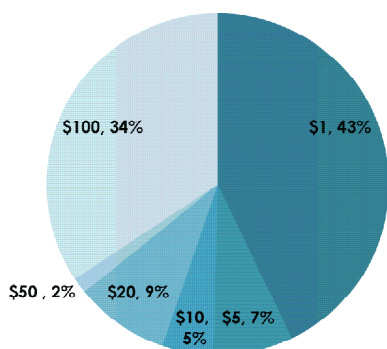
105 tonnes of coins recycled



\$8.7bn in circulation

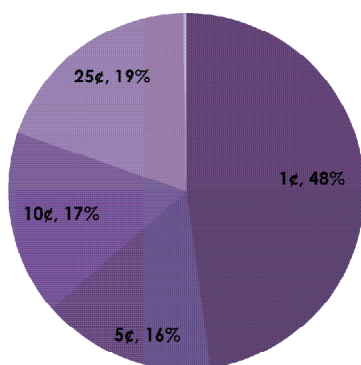
The one cent coin continued to be the most widely circulated coin up until July 2018 when it was demonetised. This coin represented 49 per cent of the total volume of coins in circulation while the 25 cent coin accounted for 19 per cent (Chart VI).

Chart V
Volume of Notes in Circulation by Denomination
as at September 30, 2018



Source: Central Bank of Trinidad and Tobago

Chart VI
Volume of Coins in Circulation by Denomination
as at September 30, 2018



Source: Central Bank of Trinidad and Tobago

CLEARING AND SETTLEMENTS SYSTEMS

During the financial year, the Bank continued to perform the role of operator for the Real Time Gross Settlement (RTGS) system, safe-tt and the Cheque Clearinghouse for domestic currency cheques and participated as a member of the Society for Worldwide Interbank Financial Telecommunication (SWIFT).

Improvements in the efficiency of the TT\$ Cheque Clearing House

The Central Bank continued its collaborative discussions with representatives of the Bankers

Association of Trinidad and Tobago (BATT). The Bank and the eight commercial banks established a Project Review Committee (PRC) aimed at implementation of an electronic cheque clearing facility in Trinidad and Tobago. This project is expected to be completed in 2020.

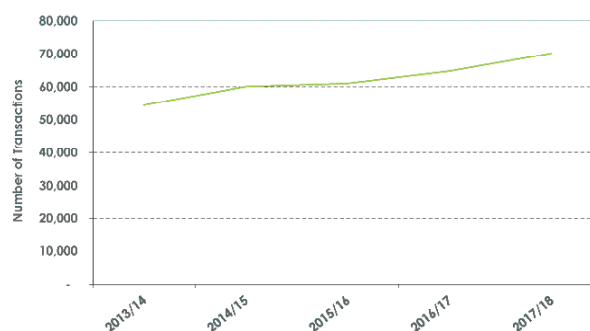
Cheques

The volume of cheques cleared by the Central Bank, as a participant in the domestic currency cheque clearing system, over 2017/18, decreased by some 13 per cent, as against the previous period. This decline can be attributed to the use of 'direct deposit' payments by the Ministry of Social Development and Family Services for certain public assistance programmes. The total value of cheques cleared by the Central Bank amounted to \$47 billion during FY 2017/18 compared with \$54 billion during 2016/17.

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 systemically important payment system in the domestic economy in terms of value, a total of \$521 billion in transactions were settled over the financial year 2017/18. This represented a small decrease of 0.56 per cent over the previous year. In terms of volume however, there was an increase of 8 per cent in the number of transactions settled, rising from 64,799 to 70,201 over 2016/17 (Chart VII).

Chart VII
Real Time Gross Settlement System –
Volume of Transactions



Source: Central Bank of Trinidad and Tobago

BOX 1

ELIMINATION OF ONE CENT COIN AND ROUNDING

QUESTION	ANSWER
1. Why eliminate the 1 cent coin?	<ul style="list-style-type: none"> To save money for the country; the cost of minting is about 21 cents for each 1 cent coin.
2. What is 'rounding'?	<ul style="list-style-type: none"> Rounding involves the lesser or greater adjustment of a final cash payment to the nearest 5 or 10 cents where the 1 cent coin is unavailable.
3. What are the Rounding Guidelines and Regulations?	<ul style="list-style-type: none"> Rounding Guidelines were issued by the Central Bank in 2017 to assist the public in understanding how rounding will be done. These apply on a voluntary basis until July 2, 2018. From July 3, 2018, Regulations will make rounding mandatory, since the 1 cent coin will no longer be legal tender. These Regulations can be accessed on the Bank's website under the Currency section.
4. Will 'rounding' apply to all forms of payment?	<ul style="list-style-type: none"> No, rounding only affects cash payments i.e. payments made using notes and coins. Payments made using non-cash methods such as cheques or electronic payments (e.g. debt, credit and other payment cards) do not need to be rounded because they can be settled electronically in the exact amount of the payment required.
5. Does everyone have to participate in rounding?	<ul style="list-style-type: none"> From July 3, 2018, rounding will be mandatory for everyone making cash payments.
6. Will rounding affect the pricing of goods and/or services?	<ul style="list-style-type: none"> Rounding will not affect individual item prices as it is only applied to the total amount of the bill paid in cash, inclusive of tax. Vendors will not have to re-price their goods to accommodate rounding.
7. What about VAT and other taxes?	<ul style="list-style-type: none"> Where any fee, tax or duty is payable on its own, in cash, such payments shall be subject to rounding. Duties, taxes or charges applied to the total bill will continue to be calculated in their exact amount prior to rounding.
8. Will businesses/vendors have to inform the public of their participation in rounding?	<ul style="list-style-type: none"> Until July 2, 2018, there should be an indication to consumers of the vendor's participation in rounding which could be done by in-store signage visible to the public. From July 3, 2018, it will be the law applicable to all persons making cash payments.
9. Can the 1 cent coin still be used in cash transactions?	<ul style="list-style-type: none"> Persons can still choose to offer the 1 cent coin in payment of cash transactions until July 2, 2018. Effective July 3, 2018, the 1 cent coin will cease being legal tender and cannot be used to make cash payments.
10. What happens if a consumer does not wish to participate in rounding?	<ul style="list-style-type: none"> Until July 2, 2018 where a vendor wishes to round but the consumer does not agree, a consumer may: <ol style="list-style-type: none"> tender the exact cash amount payable; or pay for the good or service using a non-cash method. From July 3, 2018 all persons must comply with the Rounding Regulations as the 1 cent coin will not be legal tender and cannot be accepted for payments.
11. Where can the 1 cent coin be redeemed?	<ul style="list-style-type: none"> The 1 cent coins can be redeemed for value by persons at their commercial banks and the Central Bank. From July 3, 2018, 1 cent coins can be redeemed for value indefinitely at the counters of the Central Bank.
12. Are there any conditions for redemption at the Central Bank?	<ul style="list-style-type: none"> The coins must be recognisable as 1 cent coins issued by the Central Bank and must be presented in multiples of five where redeemed for cash.

Society for Worldwide Interbank Financial Telecommunication (SWIFT)

The global financial messaging service provided by SWIFT enables the Bank to send and receive information about financial transactions in a safe environment. A number of SWIFT initiatives were undertaken during the 2017/18 financial year. These included (i) the completion of a SWIFT upgrade to version 7.2 of the computer programme and (ii) participation in the SWIFT Customer Security Programme to ensure compliance with mandatory security controls.

FINANCIAL INSTITUTIONS RESERVE MONITORING

The required statutory cash reserve ratios for commercial banks and non-bank financial institutions remained unchanged at 17 per cent and 9 per cent of prescribed liabilities, respectively. However, the 2 per cent remunerated secondary reserve requirement was removed on August 2, 2018. This action was in keeping with the Bank's objective to progressively rely on more market-based policy measures, including open market operations. The total daily average cash reserve balances of the commercial banks decreased marginally by 1.4 per cent during FY 2017/18 to \$856 billion from \$859 billion in FY 2016/17. The total daily average cash reserve balances for non-banks also decreased, by 22.7 per cent, during the financial year.

REGIONAL ARRANGEMENTS

Bank of Guyana Consolidated Debt

As at September 30, 2018, the principal outstanding amount owed by the Bank of Guyana was US\$8.3 million. The debt represents a consolidation of sums owed to both the Central Bank of Trinidad and Tobago and the Government of Trinidad and Tobago. The debt is expected to be repaid during the financial year 2018/19.

Banco Latinamericano De Exportaciones S.A. (BLADDEX)

The Central Bank of Trinidad and Tobago holds a total of 160,626.50 Class A shares in BLADDEX. During the current financial year, dividends totalling US\$247,364.80 were received.

DOMESTIC MARKET OPERATIONS

GOVERNMENT SECURITIES

In an effort to further promote capital market efficiency, the Bank undertook a review of the rights and obligations of Primary Dealers and Government Securities Intermediaries.

Against the backdrop of the need for Government to finance its operations primarily through the local market, the Bank executed open market operations (OMO) to manage liquidity within acceptable levels. A total of \$29,181 million in OMO securities matured during the year. The Bank conducted fifty-seven auctions of short-term Government securities with an aggregate face value of \$25,262 million.

FOREIGN EXCHANGE MARKET

Conditions in the domestic foreign exchange market remained relatively tight in 2017/18, despite some pick-up in inflows of foreign exchange. Receipts from the energy sector, which account for the majority of inflows to the market, grew by 21.3 per cent from the previous year. As a result, purchases of foreign exchange from the public by authorised dealers increased by 11 per cent to US\$4,044.5 million from US\$3,628.8 million recorded in the previous financial year. The Central Bank continued its regular interventions in the market, selling a total of US\$1,520.0 million to the authorised dealers. This supported total sales for the year of US\$5,459.0 million to the public, marginally higher than the US\$5,402.6 million sold in the previous financial year. The exchange rate remained stable, with the nominal weighted average selling rate standing at US\$1 = TT\$6.7564 at

end-September 2018, a minimal appreciation from the US\$1=TT\$6.7591 at end September 2017.

Pursuant to Government's stated intention in the national budget 2017/18 to establish a facility to allow eligible exporters to access foreign exchange for raw materials and other essential inputs into manufacturing, in April 2018, the Central Bank enlisted the Export-Import Bank (EXIMBANK) as a limited-scope authorised dealer of foreign exchange in accordance with the Exchange Control Act.

FOREIGN RESERVES MANAGEMENT

In accordance with the Bank's strategic objective to strengthen the management of the reserves, the Portfolio Management System (PMS) replacement project which was initiated in the last financial year was substantially progressed. During the year, the Software Subscription and Services Agreements were signed with the selected PMS vendor and the analysis, design and planning phase of the project was completed. Configuration, testing and full implementation of the system is expected to occur by the end of the first half of the financial year 2018/19. The Bank also collaborated with the World Bank to define the requirements for global custody services³ for the reserve assets, with the objective of further improving the efficiency of management of the reserves.

Additionally, a review of the Strategic Asset Allocation (SAA) for the reserve portfolio was undertaken in light of current and prospective financial markets outlook, as well as projections for the official reserves. This resulted in a revised SAA with a lower allocation to sovereign bonds for the foreign currency reserves portfolio for the period 2018-

2021. The portfolio was transitioned to the new SAA by September 30, 2018.

The Bank continued to manage the foreign currency reserves portfolio in accordance with the core principles of capital preservation, liquidity and achieving an acceptable rate of return within the approved risk framework. The portfolio returned 1.35 per cent for the financial year compared with 0.85 per cent in the previous year. The improvement was mainly attributed to a tactical repositioning of the portfolio to benefit from higher rates on short-term US fixed deposits which rose amid expectations for the Federal Reserve to continue tightening its monetary policy. The value added from this tactical repositioning of the portfolio was taken into consideration in the determination of the new SAA.

Net official reserves declined to US\$7.5 billion at the end of September 2018 from US\$8.5 billion a year prior (Chart VIII). As the Bank continued to support the domestic foreign exchange market, interventions were the major outflow from the portfolio. Foreign currency sales to utility companies and major Government entities also contributed to its decline. Receipts from the energy sector continued to be the main inflow, totaling US\$752.3 million, up from US\$523.2 million in the previous year.

Chart VIII
Net Official Reserves and Import Cover



Source: Central Bank of Trinidad and Tobago



US\$7.5bn
gross official reserves



1.35%
rate of return



Energy_{sector}
receipts –
main inflow to reserves

- 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

The Central Bank substantially advanced strategic projects aimed at promoting the soundness and stability of the financial system of Trinidad and Tobago. New insurance legislation to improve supervision of that sector was enacted, Basel II implementation was significantly advanced, collaboration with other supervisory authorities was deepened and regulatory reporting by financial groups was enhanced.

ADVANCING THE LEGISLATION FOR SUPERVISION

INSURANCE LEGISLATION

A new Insurance Act 2018 was assented to on June 4, 2018. The Act, which will become effective upon proclamation, represents a major advance for financial sector supervisory powers and aligns the regulatory framework for the insurance industry with international best practices. The Act introduces new requirements in areas such as risk-based capital adequacy, enhanced corporate governance and market conduct among others. Surveys were developed and issued to insurance companies to assess their preparedness for compliance with the new Act. Meanwhile the Central Bank is developing new reporting forms, guidelines, policies, procedures and systems.

ANTI-MONEY LAUNDERING/ COMBATTING THE FINANCING OF TERRORISM (AML/CFT)

To address the AML/CFT deficiencies identified in the country's National Risk Assessment and the 2016 Caribbean Action Task Force's Mutual Evaluation Report, a working group comprised of the Financial Intelligence Unit of Trinidad and Tobago (FIUTT), the Trinidad and Tobago Securities Exchange Commission

and chaired by the Central Bank was formed. This group made recommendations aimed at strengthening the AML/CFT legislative and regulatory framework for the financial sector, as well as the non-financial sectors supervised by the FIUTT. The amendments are expected to be passed in Parliament in the coming financial year.

An AML/CFT Policy for the Central Bank was approved in September 2018. The Policy is part of the Bank's strategic objective to ensure that the Bank's internal governance framework is robust and seeks to strengthen existing measures for establishing and conducting business relationships with, or on behalf of, customers and service providers of the Central Bank.

BANK FEES AND CHARGES

In January 2017, a Joint Select Committee on Financial and Legal Affairs appointed by the Parliament of Trinidad and Tobago, resolved to pursue an inquiry into Commercial Banking Fees and Charges given the perceived public outcry regarding the amount of fees being imposed by commercial banks.

After several months of interviews and collating evidence from several parties, (e.g. the Central Bank of Trinidad and Tobago, the Bankers Association of Trinidad and Tobago, the Chartered Financial Analysts Society and members of the public), the Committee submitted 17 recommendations to the Minister of Finance on November 17, 2017. Recommendations related to, inter alia, a review of existing legislation pertaining to commercial bank fees and charges, the issuance of rules/guidelines, and increased public communication.

In addition to its activities on financial literacy and public education via the annual publication of individual commercial bank fees and charges as well as a guideline on mortgage market rates, the Central Bank initiated work on a Market Conduct Guideline addressing the fair treatment of customers by licensees.

DEVELOPMENTS IN THE PAYMENTS SYSTEM

There was a significant increase in the number of entities approaching the Bank to apply for approval to offer payment services related to e-money and virtual currency. In this regard, the Central Bank issued several Public Notices⁴ over the year advising the public on registration requirements for any entity to operate as a Payment Service Provider or a non-interbank Payment System Operator. Given the developments in Fintech and digital currencies emerging in the payments space, the Central Bank hosted two successful seminars on Fintech-related issues during the year. In June 2018, the biennial regional legal seminar for Central Banks entitled “Financial Regulation in the Post-Financial Crisis and Fintech Era” served as a platform to collaborate and share experiences from a regulatory perspective. In addition, in July 2018, a joint Central Bank/Centre for Latin American Monetary Studies (CEMLA)/ Caribbean Regional Technical Assistance Centre (CARTAC) Conference on “Digital Currencies and Central Banks’ Regulatory Response” was well attended by regional and domestic supervisory authorities.

E-money Policy

The Central Bank significantly advanced an e-money policy that provides for categories of persons other than licensees (such as a non-bank non-financial entities) to issue e-money⁵. The policy also describes the regulatory framework that would be applicable to such persons/ entities. The e-money policy will be submitted to the Minister of Finance and placed on the Central Bank’s website in for stakeholder comments early in the new financial year.

Virtual Currency Policy

The Central Bank participated in several initiatives aimed at progressing its policy position on the regulation of virtual currencies (Figure 1). Such initiatives included inter alia, participation in two regional Fintech working groups namely, the CARICOM Fintech Work Group and CEMLA Fintech Forum; and inclusion of a special chapter in the 2017 Financial Stability Report (FSR) on “Supervisory and Regulatory Issues Associated with Cryptocurrencies” which was presented at the Bank’s FSR launch in June 2018.

Figure 1
Virtual Currency Initiatives



4. https://www.central-bank.org.tt/sites/default/files/press_releases/Reg%20of%20Payment%20Service-%2028-09-17.pdf.
5. “Electronic money” means monetary value represented by a claim on the issuer, which is— (a) stored on an electronic device; (b) issued on receipt of funds of an amount not less in value than the monetary value issued; and (c) accepted as a means of payment by persons other than the issuer, so however that the funds referred to in (b) above shall not be treated as a deposit. Financial Institutions Act 2008.

STRENGTHENING RESILIENCE TO STRESS

BASEL II/III IMPLEMENTATION

The Central Bank progressed its implementation of Basel II/III during 2018. A six-to nine-month parallel run commenced in April 2018 during which time licensees were required to report to the Central Bank on both the Basel I and Basel II Capital Adequacy rules. This allowed the Central Bank to address any issues with the new rules and reporting forms prior to full implementation.

In addition, the Bank issued Draft Capital Adequacy Regulations to the banking sector for comment in August 2018. These regulations would give legal effect to the Basel II/III rules and provide for a more robust capital framework for the local banking sector.

REVIEW OF CREDIT AND CONCENTRATION RISKS IN THE BANKING SECTOR

The thematic report on credit risk was issued to the banking sector in July 2018. The report noted that banks' governance frameworks and credit risk management practices were in line with international standards; oversight of credit risk was adequately structured; there was no evidence of weakening of underwriting standards and practices; and banks placed greater attention on delinquency management and collateral management. The report also outlined several recommendations for further enhancement of credit risk oversight. These included the need to conduct annual credit reviews of commercial and corporate customers on a timely basis; more timely updating of Credit Policies and Procedures; development of policies which specifically detail the conditions under which problem credits are eligible for restructuring; and the use of adverse assumptions and portfolio stress testing exercises to assist banks in detecting vulnerabilities and understanding borrowers' default risks and the potential impact on banks' earnings.

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 9 IMPLEMENTATION

IFRS 9 addresses the classification, measurement, impairment and hedge accounting for financial instruments. In particular, it introduces an expected loss impairment model and will replace International Accounting Standard (IAS) 39 – Financial Instruments which recognised the impairment of financial assets using an incurred loss model. IFRS 9 is applicable for annual reporting periods beginning on or after January 1, 2018.

The Central Bank is continuing to closely monitor licensees' implementation of IFRS 9 in order to gain a better understanding of banks' progress towards full implementation of the standard including assumptions used, data collection, Expected Credit Loss (ECL) model designs, assessments, and risk management practices. The major challenge continues to be historical data collection.

The Central Bank in conjunction with other regional Central Banks conducted a study to examine the impact of IFRS 9 on sovereign exposures. The paper also examined the challenges faced by institutions due to IFRS 9 implementation and the roles that various stakeholders would play in ensuring low impact to the financial institutions.

A Caribbean Group of Banking Supervisors (CGBS) Technical Working Group also reconvened to consider amendments to the Regional Loan Loss Provisioning and Classification Harmonisation Policy to incorporate provisions regarding ECL under IFRS 9.

IMPROVED GOVERNANCE IN FINANCIAL INSTITUTIONS

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

CODE OF PRACTICE FOR CENTRAL BANK'S ENGAGEMENT WITH EXTERNAL AUDITORS OF FINANCIAL INSTITUTIONS

The Central Bank issued a Code of Practice for Central Bank's Engagement with External Auditors of Financial Institutions (Code of Practice) in March 2018. The Code draws on the Basel Committee on Banking Supervision (BCBS) 2014 guidance on external audits of banks to improve the external audit quality and enhance the effectiveness of prudential supervision and hence financial stability.

PRINCIPLES FOR FINANCIAL MARKET INFRASTRUCTURE (PFMIs) ASSESSMENTS

Following completion of the oversight assessments of the four domestic inter-bank payments systems in the previous fiscal year, using the Bank of International Settlement Committee on Payment and Settlement Systems- International Organisation of Securities Commissions (CPSS-IOSCO) PFMIs⁶ (Figure 2), the report on the findings were prepared in fiscal year 2017/18. The main areas of concerns for all systems pertained to the robustness and soundness of their governance arrangements, comprehensive risk management frameworks and default management procedures. The Central Bank will be working with all operators towards addressing these gaps in fiscal year 2018/19.

PAYMENTS SYSTEM COUNCIL (PSC)

The Central Bank continued to serve as the secretariat to the (PSC)⁷. The PSC continued to execute the work under its five-year strategic

plan in 2018 towards enhancing the Payments System. Some of the work achieved or begun by the Council in 2018 included (a) development of a statement of needs for the public sector on legislative and regulatory changes required for developing Trinidad and Tobago's payments system; (b) development of two questionnaires to identify the payment needs of the private sector; (c) research on payments systems structures in other countries; and (d) the recommencement of the Council's newsletter.

INTERNATIONAL SUPERVISORY COOPERATION

SUPERVISORY COLLEGES

The Central Bank participated in three supervisory colleges of the Caribbean Group of Banking Supervisors (CGBS) in January and May 2018.

Participation in these meetings strengthens the Central Bank's cooperation with the host supervisors of regional subsidiaries and home supervisors of international financial groups. It also allows the Central Bank to better understand the activities of the subsidiaries in other jurisdictions which may have an impact on their group operations in Trinidad and Tobago.

MEMORANDUM OF UNDERSTANDING (MOU) WITH REGULATORS

To expand its supervisory cooperation and information sharing with regional regulators, the Central Bank signed two bilateral MOUs in July 2018 with the Reserve Bank of India and the Deposit Insurance Corporation of Trinidad and Tobago.

Additionally, bilateral MOUs with the TTSEC and the FIU were revised into a draft multi-lateral MOU (MMOU) amongst the three supervisory authorities. The Central Bank

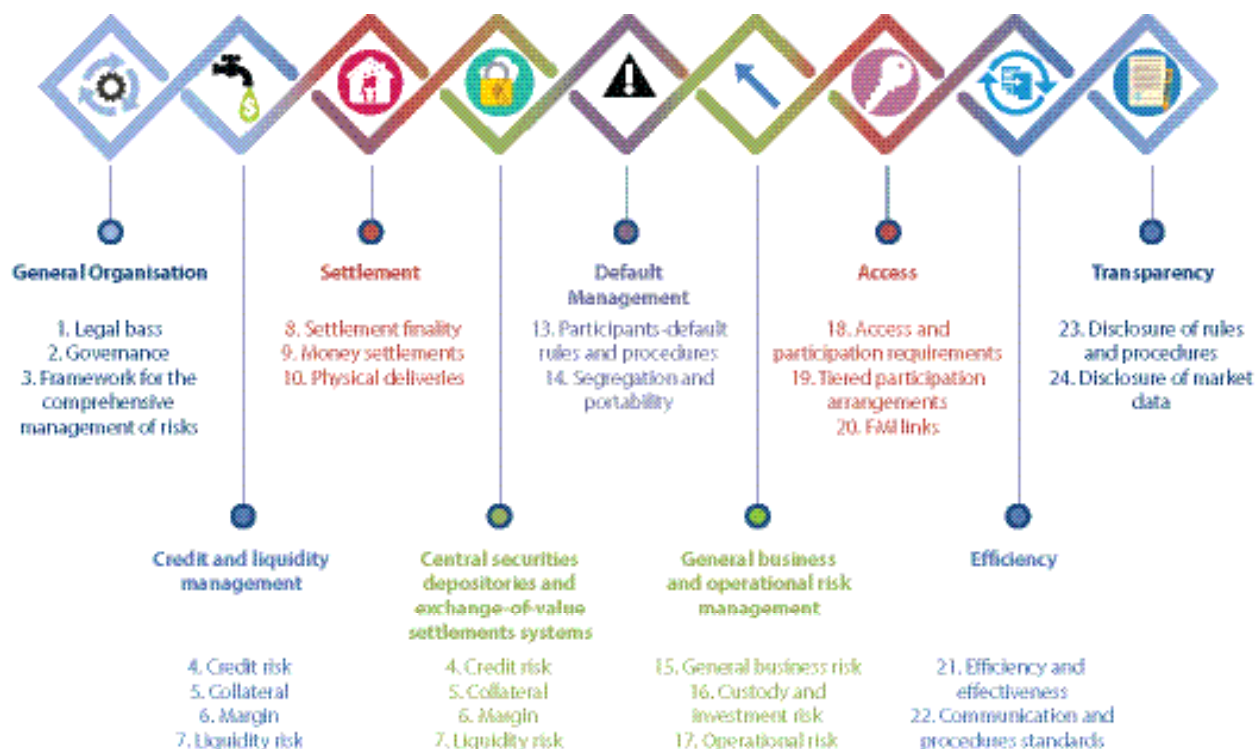
6 PFMIs were issued jointly by the Committee on Payment and Settlement Systems of the Bank for International Settlements and the Technical Committee of the International Organisation of Securities Commission. This replaced the CORE principles, which were previously used until the adoption of the new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

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

continues to collaborate with regional insurers regarding supervision of cross-border financial groups. The Bank signed a MMOU to facilitate sharing of information with members of the Caribbean Association of Insurance Regulators (CAIR). The establishment of a

framework for supervisory colleges used in consolidated supervision of cross border groups among the Caribbean Insurance Regulators is currently being developed and will be implemented.

Figure 2
Principles for Financial Market Infrastructure (PFMIs)



Sources: Bank of International Settlements Committee on Payment and Settlement Systems and International Organisations of Securities

CONFERENCES

Credit Risk Analysis Seminar

The Central Bank of Trinidad and Tobago (The Central Bank) collaborated with the Association of Supervisors of Banks of the Americas (ASBA) and the Caribbean Group of Banking Supervisors (CGBS) to host a regional Credit Risk Analysis Seminar at the Central Bank of Trinidad and Tobago from November 13 to 17, 2017. Participants included representatives from local and regional central banks. Presentations were made by staff of the Federal Deposit Insurance Corporation.

This seminar was relevant to the achievement of the Bank's strategic objectives of ensuring

heightened focus on credit and concentration risks. Participants were led through five days of presentations and case studies on various credit risk topics, including loan analysis, problem loans, and credit assessments, and shared their experiences with each other from the various jurisdictions.

Conference on Digital Currencies and the Central Banks Regulatory Response

A conference on the "Digital Currencies and the Central Banks' Regulatory Response" was held over the period July 19 – 20, 2018. It was a joint collaboration among the Central Bank of Trinidad and Tobago, CARTAC and CEMLA. The conference objective was primarily to discuss developments in digital



Credit Risk Analysis Seminar

currencies, its implications for regulation and supervision and the response of central banks to these developments. Participants included representatives from local and regional central banks and The Securities and Exchange commission, including the Ministry of Finance and the Financial Intelligence Unit. Presentations were made by staff of the Bundesbank, Bank of Canada, European Central Bank, Central Bank of Uruguay, CEMLA as well as regional central banks including the Central Bank of Trinidad and Tobago. Some of the topics discussed included:

- The Emergence of Digital Currencies – opportunities and risks.
- New Approaches to supervision and regulation of digital currencies.
- Blockchain and Distributed Ledger Technology – Prospects for Central Banks and Financial Institutions.
- Cyber Risk and Cybersecurity in the Digital World – Challenges for Regulators.
- Central Bank Digital Currency – Is this the future?
- Can blockchain / DLT solve the cross border Payments issue?

CONSOLIDATED SUPERVISION

The Central Bank of Trinidad and Tobago collaborated with the Central Bank of Barbados to develop a consolidated reporting framework for financial groups. The reporting framework was issued to selected financial groups to test its feasibility and the finalised reporting framework was issued to all financial groups at the end of September 2018. The first report using the consolidated reporting framework is due by December 31, 2018.



Conference on Digital Currencies and the Central Banks Regulatory Response



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

A number of the key goals set out in the March 2015 resolution plan have been accomplished. All of the unconnected holders of short-term investment policies (STIPS) who have requested repayment have been fully repaid. In addition, CLICO has continued to make repayments to the Government in respect of the policies purchased by the Government from policyholders who had accepted the Government's offer of 20 year bonds. As of the end of the financial year, CLICO had succeeded

in totally repaying to the Government all of the policies so acquired.

This means that the last material-remaining block of policies consists of the traditional portfolios of the two companies. The traditional insurance portfolios of CLICO and BAT consist largely of universal life and term policies, deferred and immediate annuities and some group pension schemes. These portfolios continue to attract premiums and, will continue for many years into the future, requiring a sound, competent insurance company to deal with the on-going administration and capital provision.

As part of the resolution strategy, CLICO/BAT, with Central Bank oversight, identified a preferred bidder. In the upcoming fiscal year, sale and purchase agreements are expected to be signed and the signatories will then work to get the necessary regulatory approvals. Following this, the next steps will be for the company involved to prepare 'schemes of transfer' to seek regulatory approval for the transfer of the policies from CLICO/BAT to the buyer. Upon satisfaction of all the requirements of the regulator(s) for the approval of the schemes of transfer, steps would be taken to cancel the registration of CLICO and BAT and the Central Bank would be in a position to relinquish control.

INTERNAL OPERATIONS

To ensure the successful execution of the objectives related to monetary policy and financial stability, the foundation was also fortified for improving internal operations by establishing and disseminating a number of policies and associated processes. Such areas covered include the enhancement of the Bank's enterprise risk management and improvement of the cyber security framework.

GOVERNANCE AND THE CONTROL ENVIRONMENT

Enterprise Risk Management and improving operational efficiencies and reporting remained a priority for financial year 2017/18. The fifth Bank-wide Enterprise risk assessment identified eight key risk areas, acknowledged that the Bank's risk responses have been robust, and encouraged increased focus and vigilance.

A Bank-wide Risk Awareness Programme was conducted in which departmental Risk Champions were trained in weekly sessions throughout the year in all aspects of risk management. The programme has raised awareness and assisted in embedding the risk process across the Bank. The information technology governance capability has been strengthened with the development of a cyber risk assessment framework and specific security reviews have been initiated.

As corporate governance is critical to the Bank's operations, in October 2017, the Bank, in collaboration with the CEMLA, Deutsche Bundesbank and the Banque de France, hosted a Seminar on Corporate Governance in Central Banks for Executive and Non-executive Directors of regional Central Banks. Participants were afforded the opportunity to

share learnings and experiences and potential solutions on governance issues regionally. Further, to fortify the legislative framework within which the Bank operates, a review of the Central Bank and Exchange Control Acts are ongoing.

Although not subject to the national AML/CFT laws, the Central Bank sought to strengthen its governance arrangements and finalised an AML Policy for its internal operations in September 2018. The AML Policy seeks to strengthen the Central Bank's resilience against financial crimes, such as money laundering (ML) and terrorist financing (TF), by ensuring that the Bank's internal policies and procedures for vulnerable activities or functions are robust.

Internal Audits were performed in the areas of Reserve Management, Information Technology, Finance and Accounting, and the Management of Foreign Exchange data. Recommendations for improvement are expected to be implemented during the upcoming financial year.

The safety of the Bank's human and physical capital continues to remain a priority. The fortification of the Bank's physical security arrangements and its electronic security capabilities were addressed and will continue into fiscal 2018/19. Target hardening and anti-surreptitious surveillance measures were enhanced in an effort to mitigate against risks and or threats which may be inimical to the Bank. Specifically, additional security measures were engaged in an effort to mitigate against the risk of unauthorised physical and/or electronic surveillance of critical areas within the Bank.

As it relates to the Bank's infrastructure, efforts focused on strengthening the governance framework, maintaining and improving the interior and exterior environment of the Bank, as well as enhancing operational efficiencies. Progress has been made towards updating the Bank's procurement policy to improve efficiency while enhancing governance and controls. Efforts were also made to ensure that all relevant certifications and compliance issues are in line with the Occupational Safety and Health (OSH) Act, and new Health, Safety and Environment (HSE) standards.

HUMAN RESOURCES

An appropriate staff complement is critical to the strategic success of the Bank. At September 30, 2018 the Bank recorded a manpower figure of 583 staff – 546 permanent and 37 contract staff. During the 2017/18 period, the Bank recruited 46 persons (including 1 at the managerial level). There were 51 separations during the period which included the end of 31 contracts (long, short and temporary); mandatory retirement 8 staff members; 7 resignations and 5 staff members who opted for early retirement. During the period, 38 employees were promoted, including 3 to the managerial level.

In keeping with the Bank's strategic objectives the Staff Rotation Policy was amended (Figure 3) to bolster the exposure of staff to other areas of the institution. Additionally, the Bank implemented its Training and Development Plan. Over 65 per cent of staff participated in local (in-house and external) and overseas training, which represented an average of 19.6 training hours per employee.

In terms of training effectiveness the assessments from trainees have been very positive with most programmes rated as 'highly effective'. The 2017/18 plan focused on continued strengthening of the technical and non-technical staff across the Bank deepening some of the interventions that commenced during this fiscal year and addressing new

and emerging needs. The training modalities will continue to be modified to allow for the greatest possible flexibility through the use of technology. The e-resources project and e-learning opportunities will be intensified. We will also seek to develop more robust and transparent technical competency development programmes that will guide the progression of staff from one level to the other starting with the Financial Institutions Supervision Department (FISD). Staff rotation and attachments are key strategies in building bench strength and technical capacity and will be further explored given the positive impact we have seen of these approaches.

During the 2017/18 period, one of the short-term initiatives introduced for staff was the services of a Dietitian. The response to this initiative was overwhelming with in excess of 100 persons enrolling for consultations on adjustments to their dietary intake to achieve optimum health.

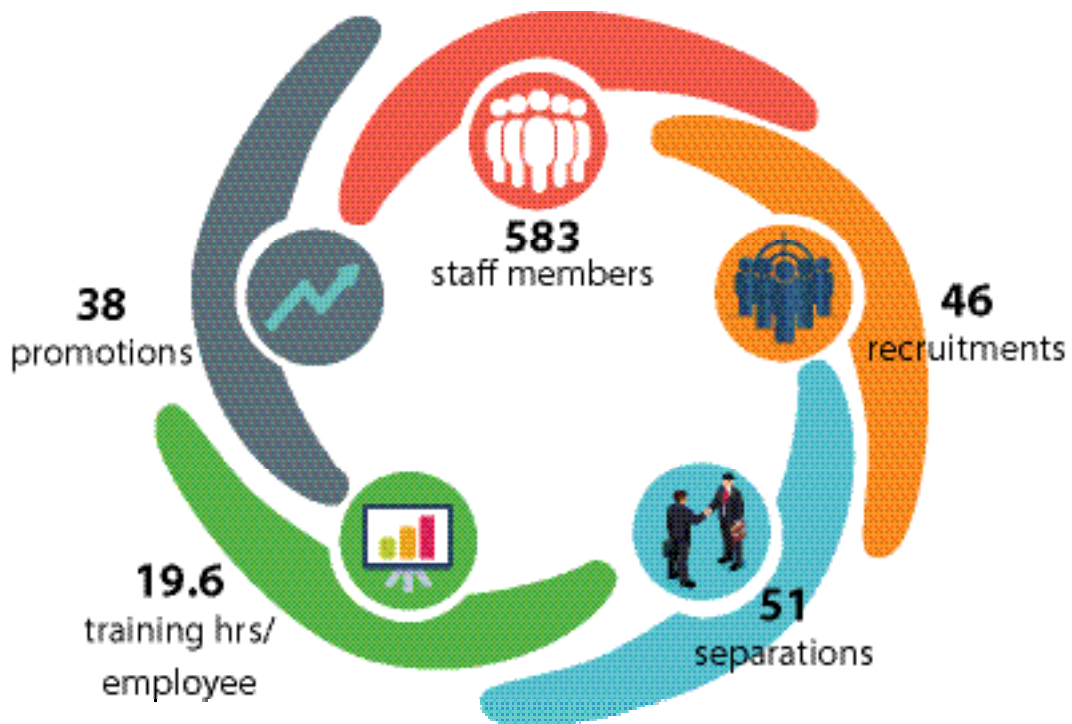
One of the objectives for the HR department in the Bank's Strategic Plan 2016/17 – 2020/21 is the promotion of employee engagement. In view of this, the Bank intends to commission a mobile application for staff in the coming financial year. This initiative is aimed at helping staff members keep in touch with Bank activities easily when they are not in the Bank.

Negotiations for a Collective Agreement with Banking Insurance and General Workers Union (BIGWU) for the period January 2018 to December 31, 2020 are in progress.

Figure 3
Key Objectives Staff Rotation Policy



Figure 4
Human Resource Highlights



ECONOMIC RESEARCH AND STATISTICAL SERVICES

In 2017/18 one of the key projects was the hosting of the second Annual Research Review Seminar. This year invitations were extended to regional Central Banks and other regional and international institutions. The presence of these external participants enriched the discourse during the conference.

In addition, four working papers were produced as part of the Bank's Working Paper Series. These papers covered issues such as the transmission of movements in the exchange rate to inflation; the coordination of monetary and fiscal policy; the interaction of financial stability and monetary policy and the economic impact of an energy price shock. Economists attended and presented at external conferences such as the CCMF

Routine economic intelligence continued with the production of the Bank's serial publications – Economic Bulletins, Monetary Policy Reports, the Annual Economic Survey and the Financial Stability Report. Underlying this was the production and dissemination of key statistics and reports to inform economic analysis and policymaking. Some key achievements on the statistical front include the roll-out of a first draft of the Basel II/III capital adequacy survey to enhance regulatory oversight and the improvement of coverage and quality of the balance of payments data with the publication of expanded data on trade in services. In addition, through collaboration with the Ministry of Finance on the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS), a debt bulletin was presented to internal stakeholders. This bulletin aims to

Research Review Seminar, 2018



Annual Monetary Policy Conference, the Central Bank of Barbados Research Review Seminar, the Trinidad and Tobago Ministry of Trade and Industry Research Seminar and the UWI Conference on the Economy. In 2017/18 the Visiting Scholar programme was resumed with a visit by Professor Paul Mizen from the University of Nottingham. He delivered a series of lectures over the space of a week, which covered new developments in monetary policy; implementing monetary policy; spillovers and the implications for small open economies; asset prices, credit and macro prudential policy; and central bank policy evaluation.

provide a detailed quarterly analysis of the country's debt stock and the associated risks.

An additional priority that emerged is the Bank's role as the chair of the Caribbean Economic Research Team (CERT), a virtual collaborative research effort of regional Central Banks that replaces the Caribbean Centre for Money and Finance (CCMF). A work programme was developed and implemented with the inaugural paper, entitled "How can Digital Currency and Distributed Ledger Technology Alter the Payments Landscape in the Caribbean?", presented to the CARICOM Governors in May 2018.

Over the next financial year focus will be on enhancing the monetary policy framework, supporting strategic objectives relating to financial stability and partnering with other regional central banks in executing a regional work programme for CERT.

User awareness training continued, resulting in greater vigilance and higher detection rates of fraudulent emails and phishing attempts. Significant progress was made in the lifecycle management of the Bank's vital records for critical departments. In addition the Disaster Recovery plan was updated.

INFORMATION TECHNOLOGY AND KNOWLEDGE MANAGEMENT

The focus of the Financial Technology and Information Security department this year was on mandatory and significant upgrades to core applications and infrastructure. This was in an effort to improve resilience and to support the expansion of the Bank's network architecture. Several initiatives to protect the Bank's systems and information were implemented. This included: stronger access controls to the bank's systems; 24x7 surveillance of the Bank's logical perimeter; introduction of an Artificial Intelligence based tool to monitor network traffic; and independent penetration testing of the environment to identify and address vulnerabilities.

Figure 5
Information Technology Performance Highlights



COMMUNITY ENGAGEMENT AND OUTREACH

The Bank is committed to enhancing education and communication with the public and with the regional and international community. The Bank also supports the performing arts in various forms, and the Auditorium continues to be a highly sought-after theatre space in Port of Spain. As part of our Corporate Social Responsibility (CSR), the Bank engages in a number of activities and continues to work to widen its role in public financial and economic education and financial affairs.

FINANCIAL SERVICES

FINANCIAL LITERACY

During FY2017/18 the National Financial Literacy Programme (NFLP) rolled out financial education sessions to over 4,650 recipients and participated in 92 sessions, expositions and fairs. A revised Quality Assurance Programme was implemented and a new approach to delivering sessions was adopted.

The National Financial Education Committee (NFEC) was formally constituted at the beginning of Global Money Week (GMW) in March 2018. This was done by the signing of a Memorandum of Understanding with seven key stakeholder organisations that would coordinate and execute a national financial education strategy.

GMW is an initiative of Child and Youth Finance International designed to teach children and young adults about money matters and entrepreneurship. Under the aegis of the Central Bank of Trinidad and Tobago, the Office of the Financial Services Ombudsman (OFSO) and NFLP in conjunction with the NFEC, participated for the first time in 2018. It involved 14 secondary schools from Trinidad and 9 from Tobago, with approximately

500 students between the ages of 15 and 19 years old. They were treated to a number of interactive activities geared toward teaching them responsible financial behaviour.

STAKEHOLDER ENGAGEMENT

The NFLP deepened its stakeholder engagement by taking a coordinated approach which streamlined traditional and repeat clientele and, by so doing, was able to divert resources to some non-traditional clients. We also restarted our involvement with tertiary level educational institutions. OFSO/NFLP partnered with several international agencies to celebrate events such as International Women's Day, World Population Day and supported a number of dedicated activities with trade unions and retired persons.

The Programme also supported regional initiatives. Officers presented at a workshop at the Bank of Jamaica on Consumer Protection and Financial Literacy, collaborated with the Bank of the Bahamas on the operations of the Financial Services Ombudsman Scheme and provided a basic blueprint on the establishment and functioning of the National Financial Literacy Programme for the Central Bank of Belize and Banque de la République d'Haïti.

With regards to capacity development, staff participated in a number training programs and conferences which focused on the broad areas of financial literacy, including financial decision making, consumer protection, credit, debt and risk management. They were also certified by the National Financial Educators Council as financial education instructors during the year under review.

National Financial Education Programme



Global Money Week



OFFICE OF THE FINANCIAL SERVICES OMBUDSMAN (OFSO)

The OFSO implemented a new Complaints Management System during the year, which offers new and more insightful ways of analysing the data collected. A major public awareness campaign was launched using both traditional and social media⁸. This resulted in a significant (19.7 per cent) increase in the combined number of enquiries and complaints, and provided a unique opportunity to inform the public about the options for redress when dealing with financial service providers. The Office



Financial Services Ombudsman, Global Money Week

⁸ The social media campaign involved the launch of Facebook and Instagram (ofsott) accounts.

was also represented at INFO 2018, the flagship conference of the International Network of Financial Ombudsmen, held in Dublin, Ireland, and was able to advance the case for developing comparable metrics to benchmark performance across financial ombudsman schemes.

COMMUNICATIONS

EXTERNAL INTERFACE PROJECT

As committed in the Strategic Plan, the Bank is seeking to promote its external interface. In this light, a cross functional team was established to enhance the presentation of economic content on the Bank’s website. A number of changes have been made to the way information is presented on the website, including the use of Visual Summaries to supplement the Bank’s publications.



PUBLICATIONS AND MEDIA

Inter-departmental teams worked to launch the 2017 Annual Economic Survey; Economic Bulletins March and July 2018; Monetary Policy Reports and the Financial Stability Report. Internal staff magazines CB People and Vintage, were also produced.

2018 Financial Stability Report Launch





Dr. Pedro Noguera,
Dr. Eric Williams, 32nd
Memorial Lecture



Dr. Pedro Noguera

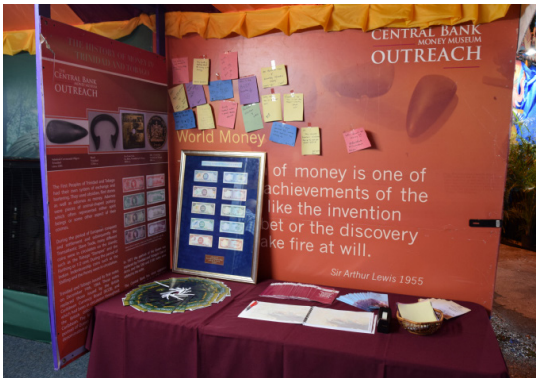
OUTREACH

DISTINGUISHED LECTURE

The Central Bank hosts a major annual lecture that honours the legacy of Dr. Eric Williams. The flagship public event celebrates the life and work of the country's first Prime Minister and his achievements as an internationally esteemed historian, national and Caribbean leader. The 32nd Lecture in the series was held on September 14, 2018 and presented by U.S.-based sociologist and historian Dr. Pedro Noguera. The theme of Dr. Noguera's lecture was "Education, Economic Diversity and the Future of Trinidad and Tobago – Prospects and Challenges in the 21st Century". Dr. Noguera's perspective and examples from his career in education and involvement with at-risk young people made for a riveting and thought-provoking lecture.

MONEY MUSEUM

In FY 2017/18, work was significantly advanced on the refurbishment of the Money Museum in time for a soft reopening on December 7, 2018 followed by a public opening in January 2019. Although the museum was closed, staff accommodated 198 persons via various outreach sessions on the 16th Floor. The Museum also participated in OFSO's Global Money week in March and at the Bishop Anstey High School Career Fair, and held successful programmes at the Divali Nagar 2017 and Emancipation Village 2018. At these outreaches, visitors learned about the history and development of currency in Trinidad and Tobago, as well as the role and functions of the Central Bank.



Emancipation Village Display



Notes & Coins Exhibit



School Career Fair



Ebenezer Methodist Primary School



Take Your Child to Work Day

TUCO Mini Concert Calypso History Month

CALYPSO HISTORY MONTH/TUCO

To contribute to national culture, the Bank hosts an annual mini-concert in celebration of Calypso History Month. The concerts are hosted jointly with the Trinbago Unified Calypsonians Organisation (TUCO) and held at the Bank. This edition was entitled “Kaiso Mini-Concert the Past and the Future” and was held at the Bank on Friday, October 27, 2017 to an enthusiastic audience.



WORKPLACE WASTE REDUCTION AND RECYCLING PROGRAMME

In January 2018, the Solid Waste Management Company Limited (SWMCOL) and the Environmental Management Authority (EMA) launched a Public Sector Recycling Project (PSRP). In May 2018 the Bank partnered with these entities and instituted a similar Workplace Waste Reduction and Recycling Programme (WRARP) with the hope that its participation will inspire other organisations to develop and/or enhance their own recycling and waste reduction efforts. The Bank’s programme focuses on the collection of paper, glass and plastic bottles, tetra packs and aluminium cans.



Launch of the Workplace Waste Reduction and Recycling Programme



DE LA RUE CURRENCY SCHOLARSHIP PROGRAMME

2017/18 marked the 14th anniversary of the De La Rue Scholarship, a joint initiative of the Bank with De La Rue of the United Kingdom. Two persons were awarded scholarships for the 2017/18 period – Ms. Tammy Williams and Mr. Clarence Ramai.

VACATION INTERNSHIP PROGRAMME

The Bank continued to facilitate the Vacation Internship Programme (VIP). This year the Bank hosted 25 Interns who were exposed to on-the-job training and various programmes to assist with the transition from university to the world of work.

SPORTS AND CULTURAL CLUB

The Central Bank Sports & Cultural Club (CBSCC) was instrumental in the Bank's participation in the annual Caribbean Financial Institutions (CariFin) Games. The Games were held over a two-month period, culminating in a Family Day. The Bank's athletes performed admirably and our representative, Ms. Cadajah Spencer won the honour of being crowned Miss CariFin 2018. During the festive season from Christmas to Carnival, the CBSCC held what has become an annual parang event in December and their fund-raising All-Inclusive Fete in February.

The CBSCC continued to support all disciplines under its purview, which included preparation for the Bank's participation in the Intra-Regional Games held in St. Kitts. The team placed third overall, medaling in five of the nine sporting activities.

The Art Club held its first exhibition, showcasing pieces by members of staff, in 2017. The exhibition entitled "Every Artist Was First An Amateur" was held at Soft Box Gallery in St. Clair from December 1, 2017 and then from December 11, 2017 to January 12, 2018 in the foyer of the Central Bank building.



Ms. Tammy Williams and
Mr. Clarence Ramai, De La Rue Scholars



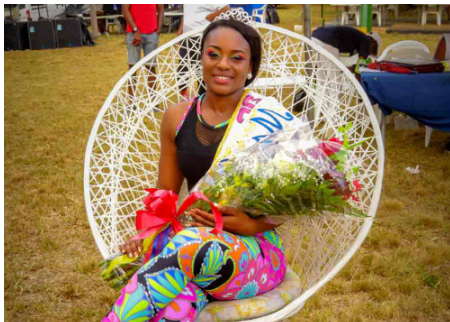
Vacation Interns, 2018



Mrs. Golda Lee-Bruce,
Key Speaker, VIP Graduation 2018



Art Club Exhibition, 2018



Ms. Cadajah Spencer,
Miss CariFin 2018



Intra-Regional Games
2018, CBTT Team

CHARITABLE WORK

During the last year, the Bank's Charity – We Care – embarked on several projects including an Urgent Needs Initiative – the Rainbow Rescue Home for Boys and Curepe R.C. Primary School were beneficiaries; a Back to School Drive – 11 schools received school bags filled with supplies; a Christmas Charity – food hampers were provided to schools and disadvantaged families; a Prison Initiative – gifts were purchased for mothers who are inmates to present to their children at the Prison's Children Christmas Party and a Wheelchair Initiative – a listing of persons in need wheelchairs was acquired from the Social Welfare Division, Ministry of Social Development and Family Services and a few recipients were selected and presented with wheelchairs.



We Care Initiatives, 2018



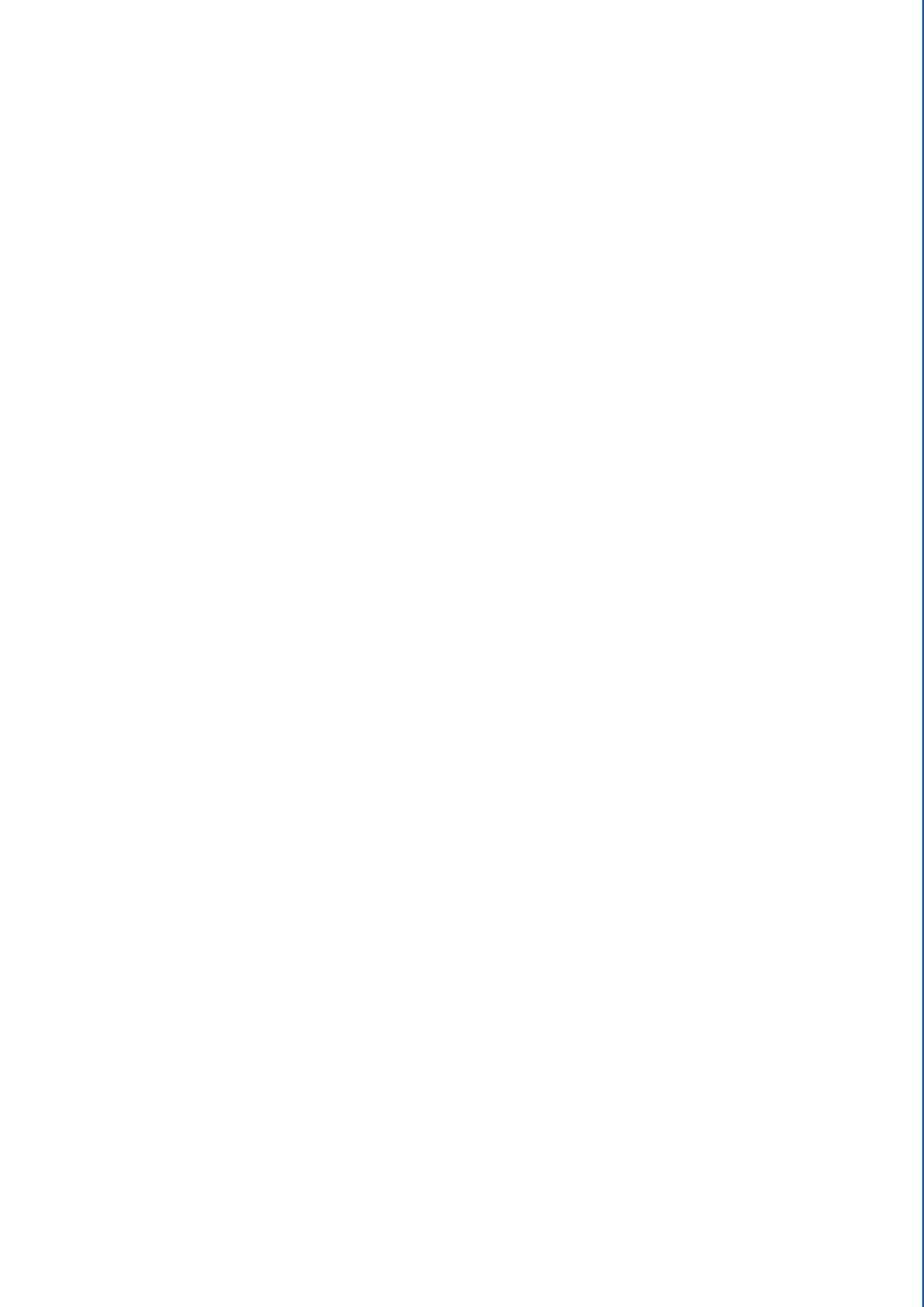
The background features a white-to-blue gradient. On the left and right sides, there are abstract geometric shapes composed of overlapping triangles and polygons in various shades of blue. A grid of thin white lines is overlaid on these shapes. A bright, glowing light source is positioned at the intersection of a vertical and a horizontal grid line on the right side, creating a lens flare effect.

PART 02





REPORT OF THE
AUDITOR GENERAL



REPORT OF THE AUDITOR GENERAL



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

REPORT OF THE AUDITOR GENERAL

**ON THE CONSOLIDATED FINANCIAL STATEMENTS
OF THE
CENTRAL BANK OF TRINIDAD AND TOBAGO
AND ITS SUBSIDIARY**

FOR THE YEAR ENDED

30 September 2018

REPORT OF THE AUDITOR GENERAL



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CENTRAL BANK OF TRINIDAD AND TOBAGO AND ITS SUBSIDIARY FOR THE YEAR ENDED 30 SEPTEMBER 2018

OPINION

The financial statements of the Central Bank of Trinidad and Tobago (the Bank) for the year ended 30 September 2018 have been audited. The statements as set out on pages 1 to 52 comprise a Consolidated Statement of Financial Position as at 30 September 2018, and the Consolidated Statement of Comprehensive Income, a Consolidated Statement of Changes in Equity and a Consolidated Statement of Cash Flows for the year ended 30 September 2018 and Notes to the Consolidated Financial Statements numbered 1 to 29, including a summary of significant accounting policies.

2. In my opinion, the Consolidated Financial Statements as outlined at paragraph one above, present fairly, in all material respects, the consolidated financial position of the Central Bank of Trinidad and Tobago and its subsidiary as at 30 September 2018 and the related financial performance and its cash flows for the year ended 30 September 2018 in accordance with IFRS except as stated at Note 2a to the Consolidated 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 Consolidated 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 consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS

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

Page 1 of 3

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 CONSOLIDATED FINANCIAL STATEMENTS

7. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit and to report thereon in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago and Section 52 (1) and (2) of the Central Bank Act No. 23 of 1964 provide for the Accounts of the Bank to be audited by auditors who shall be appointed by the Board with the approval of the Minister of Finance. The Board on 25 May, 2018 agreed to the appointment of the Auditor General as Auditor of the Accounts of the Central Bank of Trinidad and Tobago. The Minister of Finance on 30 June, 2018 approved the appointment of the Auditor General as Auditor of the Accounts.

8. The Auditor General's objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 his audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify his opinion. The Auditor General's conclusions are based on the audit evidence obtained up to the date of his 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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 his 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.

6th DECEMBER, 2018
PORT OF SPAIN



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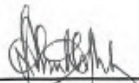
CENTRAL BANK OF TRINIDAD AND TOBAGO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

ASSETS	Notes	Sep-18 \$'000	Sep-17 \$'000
Foreign currency assets			
Foreign currency cash and cash equivalents	4	27,623,682	29,338,210
Foreign currency investment securities	5,7	20,685,203	25,746,397
Foreign receivables	9	5,002,112	5,079,386
Subscriptions to international financial institutions	10	5,446,336	5,299,633
International Monetary Fund - Holdings of Special Drawing Rights		2,345,627	2,267,737
		<u>61,102,960</u>	<u>67,731,363</u>
Local currency assets			
Local currency cash and cash equivalents	4	926,917	1,049,182
Local currency investment securities	5,6,7	209,672	220,540
Retirement benefit asset	8	93,049	106,961
Accounts receivable and prepaid expenses	9	2,215,730	2,208,147
Other assets	11	177,534	174,558
Property, plant and equipment	12	162,341	176,154
Current assets held for sale	13	10,305	-
		<u>3,795,548</u>	<u>3,935,542</u>
TOTAL ASSETS		<u><u>64,898,508</u></u>	<u><u>71,666,905</u></u>
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	14	783,460	789,699
International Monetary Fund - Allocation of Special Drawing Rights		3,112,285	3,006,741
Accounts payable	15	5,151,876	5,307,295
		<u>9,047,621</u>	<u>9,103,735</u>
Local currency liabilities			
Demand liabilities - local	14	23,730,205	26,601,801
Accounts payable	15	23,179,893	27,312,786
Provision for transfer of surplus to government		1,471,860	1,046,636
Provisions	16	5,868,929	6,001,676
		<u>54,250,887</u>	<u>60,962,899</u>
CAPITAL AND RESERVES			
Capital	24	800,000	800,000
General reserve		800,000	800,000
Retained earnings		-	271
		<u>1,600,000</u>	<u>1,600,271</u>
TOTAL LIABILITIES, CAPITAL AND RESERVES		<u><u>64,898,508</u></u>	<u><u>71,666,905</u></u>


Governor




Deputy Governor

CENTRAL BANK OF TRINIDAD AND TOBAGO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

	Notes	Sep-18 \$'000	Sep-17 \$'000
Income from foreign currency assets			
Investment income	17	937,145	731,174
Investment expense		(27,403)	(27,492)
		<u>909,742</u>	<u>703,682</u>
Loss from currency translations		<u>(105,981)</u>	<u>(101,518)</u>
Net loss realised on disposal and amortisation of investments	17	(83,049)	(138,986)
		<u>720,712</u>	<u>463,178</u>
Income from local currency assets			
Interest income	18	1,150,061	1,003,997
Rental income		2,178	2,192
Other income	18	79,739	63,932
		<u>1,231,978</u>	<u>1,070,121</u>
Decrease in provisions		20,341	6,789
Total income		<u>1,973,031</u>	<u>1,540,088</u>
Operating expenses			
Printing of notes and minting of coins	19	41,297	52,305
Salaries and related expenses	20	252,349	253,316
Interest paid		89,511	78,303
Directors' fees		1,171	1,168
Depreciation		28,365	28,417
Other operating expenses	21	88,478	80,243
Total operating expenses		<u>501,171</u>	<u>493,752</u>
Net surplus for the period		<u>1,471,860</u>	<u>1,046,336</u>
Total comprehensive income for the period		<u>1,471,860</u>	<u>1,046,336</u>

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

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

	Issued and Fully Paid Up Capital \$'000	General Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 1st October 2016	800,000	800,000	571	1,600,571
Net surplus for the period	-	-	1,046,336	1,046,336
Transfer of surplus to Consolidated Fund	-	-	(1,046,636)	(1,046,636)
Balance as at 30th September 2017	800,000	800,000	271	1,600,271
Balance as at 1st October 2017	800,000	800,000	271	1,600,271
Net surplus for the period	-	-	1,471,860	1,471,860
Transfer of surplus to Consolidated Fund	-	-	(1,471,860)	(1,471,860)
Transfer from Retained Earnings	-	-	(271)	(271)
Balance as at 30th September 2018	800,000	800,000	-	1,600,000

CENTRAL BANK OF TRINIDAD AND TOBAGO CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

	Sep-18 \$'000	Sep-17 \$'000
Cash flows from operating activities		
Net surplus for the year before taxation	1,471,860	1,046,336
Adjustments for:		
Depreciation	28,365	28,417
Net gain on disposal of fixed assets	20	98
Impairment loss	6,088	-
Interest income	(2,069,185)	(1,719,513)
Interest expense	89,511	78,303
Dividend income	(1,946)	(1,667)
Provisions	(20,341)	(6,789)
Revaluation of Artwork	-	(816)
Cash outflow before changes in operating assets and liabilities	(495,628)	(575,631)
Changes in operating assets and liabilities		
Decrease/(Increase) in accounts receivable & prepaid expenses	104,050	(761,320)
(Increase) in other assets	(15,619)	(6,016)
Decrease in retirement benefit asset	13,912	14,587
(Decrease) in accounts payable and other liabilities	(7,162,448)	(9,920,068)
Net cash flow from operations	<u>(7,555,733)</u>	<u>(11,248,448)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(30,965)	(9,652)
Proceeds from sale of property, plant and equipment	-	20
Net proceeds from sale/(purchase of) investments	6,270,927	428,347
Net repayment of loans and advances	49,590	35,968
Interest received	2,034,827	1,700,274
Dividends received	1,946	1,667
Interest paid	(87,269)	(81,923)
Net decrease in International Monetary Fund Holding of Special Drawing Rights and Allocation account	27,654	246
Payment to Consolidated Fund	(1,046,636)	(714,026)
Net cash flow from/(used in) investing activities	<u>7,220,074</u>	<u>1,360,921</u>
Cash flows from financing activities		
Lease payment	12,643	12,394
Net cash flow from financing activities	<u>12,643</u>	<u>12,394</u>
Net (decrease) in cash and cash equivalents	(323,016)	(9,875,133)
Foreign currency differences in monetary assets & liabilities	(1,513,777)	(145,141)
Cash and cash equivalents, beginning of period	4 30,387,392	40,407,666
Cash and cash equivalents, end of period	4 <u>28,550,599</u>	<u>30,387,392</u>

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed In Trinidad & Tobago Dollars)

1. INCORPORATION AND 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.

a. Basis of preparation

These Financial Statements have been prepared on the historical cost basis except as modified by the revaluation of "artwork" and "available-for-sale" and "fair value through profit or loss" financial assets.

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:

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a. Basis of preparation (cont'd)

- 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.
- 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 16.
- o IAS 39 – Financial Instruments: Recognition and Measurement, requires that where an asset is classified as available-for-sale, the unrealised gains or losses on fair value movements should be recognised directly in Capital and Reserves through the Statement of Changes in Equity. The Central Bank Act imposes specific limitation on the scope of the Bank to create reserves. Therefore the Bank recognises its unrealized gains or losses on the available-for-sale investments under “Provisions” rather than “Reserves”.

- 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.

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 that are not yet effective and have not been early adopted by the Bank

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b. Changes in accounting policies and disclosures (cont'd)

i. New standards and interpretations that are not yet effective and have not been early adopted by the Bank (cont'd)

not practical to quantify the effect at this time. These standards and amendments include:

- o IFRS 9 – Financial Instruments: Classification and Measurement (effective January 1, 2018)

IFRS 9 which introduces new requirements for classifying and measuring financial assets will eventually replace IAS 39 - Financial Instruments: Recognition and Measurements. The classification of financial assets will depend on the Bank's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The Bank is in the process of assessing IFRS 9's full impact.

- o IFRS 15 – Revenue and Contracts with Customers (effective January 1, 2018)

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

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

The Bank is in the process of assessing the impact of this Standard.

- 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.

- o IFRS 16 – Leases (effective January 1, 2019) cont'd

This standard will replace the following standards and interpretations:

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b. Changes in accounting

policies and disclosures (cont'd)

i. New standards and interpretations that are not yet effective and have not been early adopted by the Bank (cont'd)

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

ii. New standards and interpretations that are not yet effective and are not applicable to the Bank

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

IFRS 17 replaces IFRS 4 on accounting for insurance contracts and has an effective date of 1 January 2021.

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.

Based on the IFRS 17 model, contract liabilities will be calculated as the present value of future insurance cash flows with a provision for risk. The discount rate will reflect current interest rates. Under the IFRS 17 model, a “contractual service margin” will be required to offset the day 1 gain if the present value of future cash flows produces a gain at the time a contract is issued. This contractual service margin would be amortized over the life of the contract. There will also be

a new income statement presentation for insurance contracts, including a revised definition of revenue, and additional disclosure requirements.

IFRS 17 will also have accommodations for certain specific types of contracts. Short-duration insurance contracts will be permitted to use a simplified unearned premium liability model until a claim is incurred. However, contracts in which the cash flows are linked to underlying items, the liability value will reflect that linkage.

Earlier adoption of this standard is permitted if both; IFRS 15, Revenue from Contracts with Customers, and IFRS 9, Financial Instruments, have also been adopted. Retrospective application of this standard shall be applied, unless impracticable, in which case, either option of the modified retrospective approach or the fair value approach will be acceptable.

o IAS 40 – Investment Property (amendment effective January 1 2018)

This amendment serves to clarify the application of paragraph 57 of IAS 40. Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use. The list of evidence in paragraph 57 (a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list.

This amendment is not applicable to the Bank.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Consolidation

The Consolidated Financial Statements comprise the financial statement of the Bank and its subsidiary for the year ended 30 September 2018. During the financial year a decision was made by the Board of Directors of the Bank to deregister CB Services Limited, a wholly owned subsidiary of the Bank. A final dividend was paid to the Bank and all assets of CB Services Limited were transferred to the parent company on July 27, 2018. A formal application to the Registrar of Companies to strike off CB Services of the Register of Companies was made by the Bank in September 2018.

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.

Extracts of the Parent's Financial Statements are included in Note 29.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d. Foreign currency translation

(cont'd)

iii. Special Drawing Rights (cont'd)

Chinese renminbi) against the Trinidad and Tobago dollar. The TT: SDR rate as at 30 September 2018 was 0.1031830.

e. Critical accounting estimates and judgments

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

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

i. Estimated pension and post-employment medical plan

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

ii. Provision for bad and doubtful debts

Pursuant to Section 35(4) of the Act, provisions are made for bad and doubtful debts in the accounts. In this regard, the relevant assets are shown in the Statement

of Financial Position net of the amount which, in the opinion of the Bank, requires a specific provision.

iii. Fair value of financial instruments

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

v. 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 the purpose and management's intention for which the financial instruments were acquired and their characteristics.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Investment securities (cont'd)

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

i. Held to maturity

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

ii. Available-for-sale

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

They are initially recognised at fair value, (which includes transaction costs), and are subsequently re-measured at fair market

value. Unrealised gains and losses on these investments are recognised in Provisions – Revaluation reserve at market value. Regular purchases and sales of financial assets are recognised on the trade date, which is the date on which the Bank commits to purchase or sell the asset.

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

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

iii. Loans and advances

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Investment securities (cont'd)

iv. Fair value through profit or loss

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

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

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

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

be expected to have a similar response to changes in market factors; and

- c. it is settled at a future date.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i. Impairment of financial assets (cont'd)

i. Financial assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the Statement of Comprehensive Income.

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

measuring any impairment loss is the new EIR determined at the reclassification date.

ii. Available-for-sale financial investments

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

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

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

In the case of equity investments classified as available-for-sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from equity

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i. Impairment of financial assets

(cont'd)

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

and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised in Provisions – Revaluation reserve at market value.

j. Fair value measurement

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

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

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

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques considered to be appropriate in the circumstances for which sufficient data is available and

for which the use of relevant observable inputs are maximised. Valuation techniques include the market approach, the cost approach and the income approach.

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 of 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.

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. Operating leases (as lessee)

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

ii. Finance leases (as lessor)

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

n. Leases (cont'd)

ii. Finance leases (as lessor) (cont'd)

of the lease using the net investment method, which reflects a constant periodic rate of return.

o. Computer software

The Bank acquires computer software programmes to assist in the performance of its normal activities. These amounts are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised using the straight line method on the basis of the expected useful life of five years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

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 valuated 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 equity 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 years
Furniture	- 10 years
Fixtures and fittings	- 10 years

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 24).

v. Reserves

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

w. Transfer of surplus

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

x. Revenue recognition

i. Interest income and interest expense

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

ii. Dividend income

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

iii. Other income and expenses

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

y. Comparatives

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

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 external debt.

Interest rate risk

The Bank invests in securities and maintains demand deposit accounts 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

4. CASH AND CASH EQUIVALENTS

	Sep-18 \$'000	Sep-17 \$'000
Currency on hand	67,782	55,288
Balances held with banks	1,948,824	2,258,219
Repurchase agreements	1,303,869	1,532,271
Fixed deposits	24,023,112	25,546,194
Short-term investments	1,207,012	995,420
	<u>28,550,599</u>	<u>30,387,392</u>
Represented by:		
Foreign currency - cash and cash equivalents		
Currency on hand	63,791	48,618
Balances held with banks	1,055,232	1,313,497
Repurchase agreements	1,303,869	1,475,171
Fixed deposits	24,023,112	25,546,194
Short-term investments	1,177,678	954,730
	<u>27,623,682</u>	<u>29,338,210</u>
Local currency - cash and cash equivalents		
Cash on hand	3,991	6,670
Balances held with banks	893,592	944,722
Short-term investments	29,334	40,690
Repurchase agreement	-	57,100
	<u>926,917</u>	<u>1,049,182</u>
	<u>28,550,599</u>	<u>30,387,392</u>

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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

5. INVESTMENT SECURITIES

	Sep-18 \$'000	Sep-17 \$'000
Foreign currency investment securities		
Available for sale	20,640,315	25,662,269
Loans and advances	44,888	84,128
	<u>20,685,203</u>	<u>25,746,397</u>
Local currency investment securities		
Available for sale - local securities	25,393	26,127
Loans and advances	184,279	194,413
	<u>209,672</u>	<u>220,540</u>
Total investment securities	<u><u>20,894,875</u></u>	<u><u>25,966,937</u></u>
Available for sale investments		
Foreign currency		
Amortised cost	20,407,914	24,915,778
(Depreciation)/appreciation in market value	(199,301)	(41,184)
Appreciation in foreign currency	431,702	787,675
	<u>20,640,315</u>	<u>25,662,269</u>
Local currency		
Bonds	20,971	21,705
Investments in related enterprises (Note 6)	4,422	4,422
	<u>25,393</u>	<u>26,127</u>
Total available for sale investments	<u><u>20,665,708</u></u>	<u><u>25,688,396</u></u>
	Sep-18 \$'000	Sep-17 \$'000
Loans and advances		
Foreign currency		
Cost	44,888	84,128
	<u>44,888</u>	<u>84,128</u>
Local currency		
Loans and advances	184,331	194,748
Provision for doubtful debts	(52)	(335)
	<u>184,279</u>	<u>194,413</u>
Total loans and advances	<u><u>229,167</u></u>	<u><u>278,541</u></u>
Total investment securities	<u><u>20,894,875</u></u>	<u><u>25,966,937</u></u>

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

6. INVESTMENT IN RELATED ENTERPRISES

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

	Sep-18 \$'000	Sep-17 \$'000
Trinidad and Tobago Unit Trust Corporation	2,500	2,500
Deposit Insurance Corporation	1,000	1,000
Trinidad and Tobago Interbank Payments System	922	922
	<u>4,422</u>	<u>4,422</u>

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

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(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 2018

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

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

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 2017

FINANCIAL ASSETS	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Asset-backed Securities:				
Auto Loan Receivable		1,027,013		1,027,013
Credit Card Receivable		1,359,143		1,359,143
Other Asset-backed Securities		516,436		516,436
Corporate Bonds		3,286,488		3,286,488
Mortgage-backed Securities:				
Federal Home Loan Mortgage Corporation (FHLMC)		345,960		345,960
Federal National Mortgage Association (FNMA)		993,973		993,973
Government National Mortgage Association (GNMA) I		12,149		12,149
Government National Mortgage Association (GNMA) 11		65,874		65,874
Collateralized Mortgage backed Securities (CMO)		76,176		76,176
Other Mortgages				-
Government Issues		17,449,579		17,449,579
Gold	536,275			536,275
Investments in related enterprises			4,422	4,422
Municipals		14,908		14,908
Artwork		14,925		14,925
Total	536,275	25,162,624	4,422	25,703,321

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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(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 2017 and 30 September 2018.

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 available-for-sale investments (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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

8. RETIREMENT BENEFIT ASSET

	Sep-18 \$'000	Sep-17 \$'000
Consolidated statement of financial position obligations for:		
- Pension plan	117,524	129,330
- Post-retirement medical plan	(24,475)	(22,369)
	93,049	106,961
	93,049	106,961
a) Pension plan	Sep-18 \$'000	Sep-17 \$'000
Defined benefit obligation	(758,124)	(705,663)
Fair value of assets	875,648	834,993
IAS 19 net defined asset	117,524	129,330
	117,524	129,330
Reconciliation of opening and closing defined benefit assets		
Defined benefit asset at prior year end	129,330	147,903
	129,330	147,903
(Decrease) in pension asset		
Net pension cost	(27,394)	(16,042)
Re-measurements of net define benefit asset/liability	8,942	(9,274)
Bank contribution paid	6,646	6,743
	(11,806)	(18,573)
	(11,806)	(18,573)
Closing defined benefit asset	117,524	129,330
	117,524	129,330
Amounts recognised in the earnings statement		
Current service cost	(21,877)	(23,912)
Net interest on net defined benefit liability/(asset)	8,113	9,233
Past service cost	(12,285)	-
Expense allowance	(1,345)	(1,363)
Net pension cost	(27,394)	(16,042)
	(27,394)	(16,042)
Re-measurements of net defined benefit asset/liability		
Experience gains /(losses)	8,942	(9,274)
	8,942	(9,274)
Actuarial assumptions		
Discount rate	6.00%	6.00%
Expected return on plan assets	n/a	n/a
Projected future rate of salary increase	5.15%	5.18%

Value of Pension Scheme Asset

Based on Estimated Fair Value
at Balance Sheet Date

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

8. RETIREMENT BENEFIT ASSET (cont'd)

b) Post-employment medical plan

	Sep-18 \$'000	Sep-17 \$'000
IAS 19 net defined obligation	(24,475)	(22,369)
Reconciliation of opening and closing defined benefit liability		
Defined benefit liability	(22,369)	(26,355)
(Decrease)/increase in plan		
Net benefit cost	(2,513)	(3,020)
Re-measurements of net define benefit asset/liability	(128)	6,651
Bank contribution paid	535	355
	(2,106)	3,986
Closing defined benefit liability	(24,475)	(22,369)
Amounts recognised in the earnings statement		
Current service cost	(1,185)	(1,453)
Interest on defined benefit obligation	(1,328)	(1,567)
Net benefit cost	(2,513)	(3,020)
Actuarial assumptions		
Medical cost increases	5.00%	5.00%

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

9. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	Sep-18 \$'000	Sep-17 \$'000
Foreign receivables		
Pending trades - investments sold	4,840,499	4,951,982
Foreign interest receivable	158,591	124,362
Other receivables	3,022	3,042
	<u>5,002,112</u>	<u>5,079,386</u>
Accounts receivable and prepaid expenses		
Interest receivable on domestic investments	289	160
Amounts recoverable from CLF/GORTT (Note 26)	2,194,080	2,197,232
Other receivables	8,780	2,122
Prepayments	9,957	8,533
Suspense accounts- pending transfers	2,139	(202)
Value added tax	485	302
	<u>2,215,730</u>	<u>2,208,147</u>

10. SUBSCRIPTIONS TO INTERNATIONAL FINANCIAL INSTITUTIONS

	Sep-18 \$'000	Sep-17 \$'000
Banco Latino Americano De Exportaciones	22,690	31,882
Caribbean Development Bank	8,194	8,194
Caribbean Information and Credit Rating Services Ltd	1,772	1,769
Corporacion Andina de Formento	727,749	726,650
Inter-American Development Bank	6,694	6,694
International Bank for Reconstruction and Development	119,085	118,905
International Development Association	6,743	6,535
International Finance Corporation	333	333
International Monetary Fund	4,553,076	4,398,671
	<u>5,446,336</u>	<u>5,299,633</u>

The holdings in Banco Latino Americano De Exportaciones (Bladex) are based on a quoted market price off the New York Stock Exchange of US\$ 20.92/share as at 30 September 2018.

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

11. OTHER ASSETS

	Sep-18 \$'000	Sep-17 \$'000
Leased asset	81,345	93,988
Stock of notes and coins	94,266	78,599
Consumables	1,923	1,971
	177,534	174,558
	177,534	174,558

Leased Asset

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

	Sep-18 \$'000	Sep-17 \$'000
Gross receivable due	87,133	101,656
Present value of minimum lease payments	(81,345)	(93,988)
Total unearned finance income	5,788	7,668
	5,788	7,668

Gross receivables due		
Not later than one year	14,522	14,522
Later than one year but within five years	58,089	58,089
Later than five years	14,522	29,045
	87,133	101,656
Less: unearned finance income	(5,788)	(7,668)
Net investment in finance leases	81,345	93,988

The net investment in finance leases is analysed as follows:

	Sep-18 \$'000	Sep-17 \$'000
Not later than one year	14,237	14,237
Later than one year but within five years	54,212	54,212
Later than five years	12,896	25,539
	81,345	93,988
	81,345	93,988

Inventory of notes and coins

	Sep-18 \$'000	Sep-17 \$'000
Notes	78,477	56,432
Coins	15,789	22,167
	94,266	78,599
	94,266	78,599

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

11. OTHER ASSETS (cont'd)

Inventory of notes

	Sep-18 \$'000	Sep-17 \$'000
Opening balance	56,432	52,038
Cost of notes issued	(32,750)	(37,409)
Purchase of notes	54,795	41,803
Closing balance	<u>78,477</u>	<u>56,432</u>

Inventory of coins

	Sep-18 \$'000	Sep-17 \$'000
Opening balance	22,167	20,678
Cost of coins issued	(4,245)	(13,892)
Purchase of coins	-	17,896
Write-off (destruction) - net of provision	(2,129)	-
Provision	-	(2,515)
Refund for shortage of coins received	(4)	-
Closing balance	<u>15,789</u>	<u>22,167</u>

The Bank discontinued the issuance of the one cent coins as well as changed the metallic composition for the other denominations. The stock of one cent pieces together with the other denominations minted with the original metallic composition will no longer be issued.

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

12. PROPERTY, PLANT AND EQUIPMENT

	Land & Building	Leasehold Property	Machinery & Equipment	Computer Equipment	Furniture, Fixture & Fittings, Artwork	Capital work in progress	Total
<u>As at 30th</u>							
<u>September 2018</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net book value							
Balance b/fwd 01 Oct 2017	105,190	10,657	13,169	15,435	27,959	3,744	176,154
Transfers	723	-	1,916	3,496	416	(6,551)	-
Impairment Loss	(6,088)						(6,088)
Non-Current assets now classified as "Held for Sale"	(10,305)						(10,305)
Additions	267	-	4,350	3,479	651	22,218	30,965
Disposals	-	-	-	-	(20)	-	(20)
Depreciation for the year	(11,896)	(8)	(5,837)	(7,801)	(2,823)	-	(28,365)
	<u>77,891</u>	<u>10,649</u>	<u>13,598</u>	<u>14,609</u>	<u>26,183</u>	<u>19,411</u>	<u>162,341</u>
Represented by:							
Cost	435,514	10,923	116,197	73,408	61,707	19,411	717,160
Non-Current assets now classified as "Held for Sale"	(10,305)						(10,305)
Accumulated depreciation	(347,318)	(274)	(102,599)	(58,799)	(35,524)	-	(544,514)
	<u>77,891</u>	<u>10,649</u>	<u>13,598</u>	<u>14,609</u>	<u>26,183</u>	<u>19,411</u>	<u>162,341</u>

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land & Building	Leasehold Property	Machinery & Equipment	Computer Equipment	Furniture, Fixture & Fittings, Artwork	Capital work in progress	Total
<u>As at 30th September 2017</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net book value							
Balance b/fwd 01 Oct 2016	115,314	10,665	14,963	12,851	28,689	11,739	194,221
Transfers	1,132	-	2,718	8,435	194	(12,479)	-
Additions	1,007	-	1,130	1,582	1,449	4,484	9,652
Disposals	(62)	-	-	-	(56)	-	(118)
Revaluation adjustment	-	-	-	-	816	-	816
Depreciation for the year	(12,201)	(8)	(5,642)	(7,433)	(3,133)	-	(28,417)
Balance c/fwd	105,190	10,657	13,169	15,435	27,959	3,744	176,154
Represented by:							
Cost	441,238	10,923	111,733	67,183	61,982	3,744	696,803
Accumulated depreciation	(336,048)	(266)	(98,564)	(51,748)	(34,023)	-	(520,649)
	105,190	10,657	13,169	15,435	27,959	3,744	176,154

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

13. NON –CURRENT ASSETS HELD FOR SALE

	Sep-18 \$'000	Sep-17 \$'000
Freehold Land	20	-
Commercial Land & Building	10,285	-
	<u>10,305</u>	<u>-</u>

During the financial year the Board made a decision to dispose of two properties owned by the Bank. The properties are commercial building situated at 78 Independence Square, Port of Spain and a parcel of land located at Toco. Both properties are available for immediate sale and are expected to be sold in the next financial year. The properties were classified as held for sale at September 30, 2018 and are reflected in the Financial Statements at the lower of the carrying value and fair value less costs to sell. An Impairment loss of \$6,088,458 arising out of this reclassification is recognised in the Statement of Comprehensive Income under Other Operating Expense.

14. DEMAND LIABILITIES

	Sep-18 \$'000	Sep-17 \$'000
Demand liabilities - foreign		
Foreign deposits	4,272	5,161
Government special accounts	779,188	784,538
	<u>783,460</u>	<u>789,699</u>

	Sep-18 \$'000	Sep-17 \$'000
Demand liabilities - local		
Notes in circulation	8,518,214	8,660,520
Coins in circulation	238,097	234,489
Deposits by commercial banks	17,116,422	16,533,504
Deposits by non-banking financial institutions	181,892	419,813
Statutory deposits - insurance companies	7,550	8,476
Deposits by government and government agencies	(9,792,163)	(6,625,833)
Deposits by other current accounts	3,430,560	3,666,516
Deposits by regional and international institutions	804,449	659,328
Promissory Notes due to International Monetary Fund	3,225,184	3,044,988
	<u>23,730,205</u>	<u>26,601,801</u>

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

14. DEMAND LIABILITIES (cont'd)

a. Deposits by financial institutions

The required statutory cash reserve ratios for commercial banks and non-bank financial institutions remained unchanged at 17 percent and 9 percent respectively of their prescribed liabilities. Non-banks' required reserves decreased by 14 percent whilst Commercial banks' required reserves decreased marginally by 1.4 percent as at September 2018, as a result of their lower prescribed liabilities. In addition to the statutory cash reserves for commercial banks, a secondary reserve of 2 percent of banks' prescribed liabilities was also held and a fixed rate of 0.25 percent paid on these holdings for the most part of the financial period (October 2017 – July 2018).

On 2 August 2018 the secondary reserve of 2 percent of commercial banks' prescribed liabilities was discontinued. This action was in keeping with the Bank's objective to progressively rely on more market-based policy measures, including open market operations.

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.

15. ACCOUNTS PAYABLE

	Sep-18 \$'000	Sep-17 \$'000
Accounts payable - Foreign		
Bilateral accounts	16,888	16,702
Pending trades - investments purchased	5,128,170	5,278,614
Other payables	6,818	11,979
	<u>5,151,876</u>	<u>5,307,295</u>
Accounts payable - Local		
Trade payables and accrued charges	101,500	63,357
Interest payable	5,186	2,944
Unclaimed monies	21,059	17,558
Blocked accounts	23,006,061	27,204,781
Other payables	46,087	24,417
	<u>23,179,893</u>	<u>27,313,057</u>

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

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).

16. 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:

	Sep-18 \$'000	Sep-17 \$'000
Provisions		
Gold reserve	298,223	334,839
Foreign currency exchange rate reserves	5,634,443	5,571,277
Pension reserve	93,049	106,961
Revaluation reserve on investments	(156,786)	(11,401)
	<u>5,868,929</u>	<u>6,001,676</u>

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

17. INCOME FROM FOREIGN CURRENCY ASSETS

	Sep-17 \$'000	Sep-18 \$'000
Investment income		
Interest on United States Dollar balances & securities	898,660	714,565
Interest on Sterling balances & securities	-	35
Interest on other foreign balances & securities	20,464	916
Other income	18,021	15,658
	<u>937,145</u>	<u>731,174</u>
Investment expenses	(27,403)	(27,492)
Loss from currency translations	(105,981)	(101,518)
Net loss realised on disposal and amortisation of investment		
Gains realised on disposal of investments	88,153	84,488
Losses realised on disposal of investments	(171,202)	(223,474)
	<u>(83,049)</u>	<u>(138,986)</u>
Total Income from foreign assets	<u>720,712</u>	<u>463,178</u>

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

18. INCOME FROM LOCAL CURRENCY ASSETS

	Sep-18 \$'000	Sep-17 \$'000
Interest income		
Loans	1,144,361	987,848
Other investments	5,700	16,149
	1,150,061	1,003,997
Other Income		
General earnings	20,199	71
Dividends	271	-
Fees charged to financial institutions	58,016	62,256
Profit on sale of assets	-	20
Other	1,253	1,619
	79,739	63,932

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

19. PRINTING OF NOTES AND MINTING OF COINS

	Sep-18 \$'000	Sep-17 \$'000
Cost of new notes issued	32,750	37,409
Cost of new coins issued and write off of stock	7,529	13,880
Other printing and minting expenses	1,018	1,016
Total costs for printing of notes and minting of coins	<u>41,297</u>	<u>52,305</u>

20. SALARIES AND RELATED EXPENSES

	Sep-18 \$'000	Sep-17 \$'000
Salaries and allowances	204,227	204,622
National insurance	7,880	8,127
Employee benefits- pension and post retirement medical (Note 8)	13,912	14,587
Other staff costs	26,330	25,980
	<u>252,349</u>	<u>253,316</u>

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

21. OTHER OPERATING EXPENSES

	Sep-18 \$'000	Sep-17 \$'000
Other operating expenses include:		
Advertising and public relations	1,490	1,419
CL Financial expenses (Note 26)	745	3,165
Computer expenses	23,881	21,279
Conferences and meetings	3,476	2,980
Contribution to other organizations	2,036	2,650
Electricity	3,909	3,783
Insurance	3,380	3,262
Library expenses	3,245	2,948
Loss on disposal of assets	20	62
Impairment loss	6,088	-
Maintenance cost	21,998	22,552
Printing and stationery	3,367	3,007
Professional fees	2,782	2,808
Rent	3,413	3,609
Telephone	4,172	4,060
Other Expenses	4,476	2,659
	<u>88,478</u>	<u>80,243</u>

22. CAPITAL COMMITMENTS

There was a \$1.3 million in outstanding commitments for capital expenditure as at 30 September 2018 (30 September 2017 - \$1.4 million).

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

23. LEASEHOLD OBLIGATIONS – OPERATING LEASES

a. Operating leases where the Bank is the lessor

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

b. Operating leases where the Bank is the lessee

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

24. CAPITAL

	Sep-18 \$'000	Sep-17 \$'000
Authorised capital	800,000	800,000
Paid-up capital	800,000	800,000

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

25. RELATED PARTY TRANSACTIONS

a. Government of the Republic of Trinidad and Tobago

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

	Sep-18 \$'000	Sep-17 \$'000
Interest income from local currency assets	1,142,895	987,749
Interest expense	58,208	56,009
Assets		
Local currency investment securities	20,971	21,705
Liabilities		
Demand liabilities - foreign	779,188	784,538
Demand liabilities - local	(8,611,099)	(5,379,317)
Accounts payable	23,006,061	27,204,781

b. Related enterprises

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

	Sep-18 \$'000	Sep-17 \$'000
Income		
Rental income	243	263
Other income	41	39
	<u>284</u>	<u>302</u>
Expenditure		
Salaries and related expenditure	1,057	990
	<u>1,057</u>	<u>990</u>
Ending period balances		
Investments in related enterprises	4,422	4,422
Receivables from related enterprises	-	-
Payables to related enterprises	2,236,488	2,418,966

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

25. RELATED PARTY TRANSACTIONS (cont'd)

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.d.

	Sep-18 \$'000	Sep-17 \$'000
Short-term employee benefits	62,251	63,471
Directors' fees	1,180	1,181

26. 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.

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

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

26. CL FINANCIAL GROUP MATTER (cont'd)

	Sep-18 \$'000	Sep-17 \$'000
Assets		
Amounts recoverable from CLF/GORTT	2,194,080	2,197,232

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 21.

27. 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

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

ASSETS	Current \$'000	Sep-18 Non-Current \$'000	Total \$'000
Foreign currency assets			
Foreign currency cash and cash equivalents	27,623,682	-	27,623,682
Foreign currency investment securities	6,103,523	14,581,680	20,685,203
Foreign receivables	5,001,991	121	5,002,112
Subscriptions to international financial institutions	-	5,446,336	5,446,336
International Monetary Fund - Holdings of Special Drawing Rights	-	2,345,627	2,345,627
	<u>38,729,196</u>	<u>22,373,764</u>	<u>61,102,960</u>
Local currency assets			
Local currency cash and cash equivalents	926,917	-	926,917
Local currency investment securities	37,290	172,382	209,672
Retirement benefit asset	-	93,049	93,049
Accounts receivable and prepaid expenses	2,213,574	2,156	2,215,730
Other assets	96,189	81,345	177,534
Property, plant and equipment	-	162,341	162,341
Non-current assets held for sale	10,305		10,305
	<u>3,284,275</u>	<u>511,273</u>	<u>3,795,548</u>
	<u>42,013,471</u>	<u>22,885,037</u>	<u>64,898,508</u>
TOTAL ASSETS			

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

28. STATEMENT OF FINANCIAL POSITION –
CURRENT/NON-CURRENT DISTINCTION (cont'd)

LIABILITIES	Current \$'000	Sep-18 Non-Current \$'000	Total \$'000
Foreign currency liabilities			
Demand liabilities - foreign	783,460	-	783,460
International Monetary Fund - Allocation of Special Drawing Rights	-	3,112,285	3,112,285
Accounts payable	5,151,876	-	5,151,876
	<u>5,935,336</u>	<u>3,112,285</u>	<u>9,047,621</u>
Local currency liabilities			
Demand liabilities - local	23,730,205	-	23,730,205
Accounts payable	173,850	23,006,043	23,179,893
Provision for transfer of surplus to government	1,471,860	-	1,471,860
Provisions	-	5,868,929	5,868,929
	<u>25,375,915</u>	<u>28,874,972</u>	<u>54,250,887</u>
CAPITAL AND RESERVES			
Capital	-	800,000	800,000
General reserve	-	800,000	800,000
	<u>-</u>	<u>1,600,000</u>	<u>1,600,000</u>
TOTAL LIABILITIES, CAPITAL AND RESERVES	<u><u>31,311,251</u></u>	<u><u>33,587,257</u></u>	<u><u>64,898,508</u></u>

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

**28. STATEMENT OF FINANCIAL POSITION –
CURRENT/NON-CURRENT DISTINCTION (cont'd)**

ASSETS	Current \$'000	Sep-17 Non-Current \$'000	Total \$'000
Foreign currency assets			
Foreign currency cash and cash equivalents	29,338,210	-	29,338,210
Foreign currency investment securities	7,620,000	18,126,397	25,746,397
Foreign receivables	5,079,386	-	5,079,386
Subscriptions to international financial institutions	-	5,299,633	5,299,633
International Monetary Fund - Holdings of Special Drawing Rights	-	2,267,737	2,267,737
	<u>42,037,596</u>	<u>25,693,767</u>	<u>67,731,363</u>
Local currency assets			
Local currency cash and cash equivalents	1,049,182	-	1,049,182
Local currency investment securities	33,954	186,586	220,540
Retirement benefit asset	-	106,961	106,961
Accounts receivable and prepaid expenses	2,207,506	641	2,208,147
Other assets	79,599	94,959	174,558
Property, plant and equipment	-	176,154	176,154
	<u>3,370,241</u>	<u>565,301</u>	<u>3,935,542</u>
TOTAL ASSETS	<u><u>45,407,837</u></u>	<u><u>26,259,068</u></u>	<u><u>71,666,905</u></u>

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

28. STATEMENT OF FINANCIAL POSITION –
CURRENT/NON-CURRENT DISTINCTION (cont'd)

LIABILITIES	Current \$'000	Sep-17 Non-Current \$'000	Total \$'000
Foreign currency liabilities			
Demand liabilities - foreign	789,699	-	789,699
International Monetary Fund - Allocation of Special Drawing Rights	-	3,006,741	3,006,741
Accounts payable	5,307,295	-	5,307,295
	<u>6,096,994</u>	<u>3,006,741</u>	<u>9,103,735</u>
Local currency liabilities			
Demand liabilities - local	26,487,614	1,736	26,489,350
Accounts payable	105,546	27,319,691	27,425,237
Provision for transfer of surplus to government	1,046,636	-	1,046,636
Provisions	-	6,001,676	6,001,676
	<u>27,639,796</u>	<u>33,323,103</u>	<u>60,962,899</u>
CAPITAL AND RESERVES			
Capital	-	800,000	800,000
General reserve	-	800,000	800,000
Retained earnings	-	271	271
	<u>-</u>	<u>1,600,271</u>	<u>1,600,271</u>
TOTAL LIABILITIES, CAPITAL AND RESERVES	<u><u>33,736,790</u></u>	<u><u>37,930,115</u></u>	<u><u>71,666,905</u></u>

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

29. PARENT

The Financial Statements of the Central Bank of Trinidad and Tobago are presented below:

**Statement of Financial Position
as at 30 September 2018**

ASSETS	Sep-18 \$'000	Sep-17 \$'000
Foreign currency assets		
Foreign currency cash and cash equivalents	27,623,682	29,338,210
Foreign currency investment securities	20,685,203	25,746,397
Foreign receivables	5,002,112	5,079,386
Subscriptions to international financial institutions	5,446,336	5,299,633
International Monetary Fund - Holdings of Special Drawing Rights	2,345,627	2,267,737
	<hr/>	<hr/>
	61,102,960	67,731,363
Local currency assets		
Local currency cash and cash equivalents	926,917	1,049,182
Local currency investment securities	209,672	220,540
Retirement benefit asset	93,049	106,961
Accounts receivable and prepaid expenses	2,215,730	2,208,147
Other assets	177,534	174,558
Property, plant and equipment	162,341	176,154
Non Current Assets Held for Sale	10,305	-
	<hr/>	<hr/>
	3,795,548	3,935,542
	<hr/>	<hr/>
TOTAL ASSETS	64,898,508	71,666,905

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

29. PARENT (cont'd)

Statement of Financial Position
as at 30 September 2018(cont'd)

	Sep-18 \$'000	Sep-17 \$'000
LIABILITIES		
Foreign currency liabilities		
Demand liabilities - foreign	783,460	789,699
International Monetary Fund - Allocation of Special Drawing Rights	3,112,285	3,006,741
Accounts payable	5,151,876	5,307,295
	<u>9,047,621</u>	<u>9,103,735</u>
Local currency liabilities		
Demand liabilities - local	23,730,205	26,601,801
Accounts payable	23,179,893	27,313,057
Provision for transfer of surplus to government	1,471,860	1,046,636
Provisions	5,868,929	6,001,676
	<u>54,250,887</u>	<u>60,963,170</u>
CAPITAL AND RESERVES		
Capital	800,000	800,000
General reserve	800,000	800,000
	<u>1,600,000</u>	<u>1,600,000</u>
TOTAL LIABILITIES, CAPITAL AND RESERVES	<u><u>64,898,508</u></u>	<u><u>71,666,905</u></u>

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

29. PARENT (cont'd)

**Statement of Comprehensive Income
for the year ended 30 September 2018**

	Sep-18 \$'000	Sep-17 \$'000
Income from foreign currency assets		
Investment income	937,145	731,174
Investment expense	(27,403)	(27,492)
	<u>909,742</u>	<u>703,682</u>
Loss from currency translations	<u>(105,981)</u>	<u>(101,518)</u>
Net loss realised on disposal and amortisation of investments	(83,049)	(138,986)
	<u>720,712</u>	<u>463,178</u>
Income from local currency assets		
Interest income	1,150,061	1,003,997
Rental income	2,178	2,192
Other income	79,739	64,232
	<u>1,231,978</u>	<u>1,070,421</u>
Decrease in provisions	20,341	6,789
Total income	<u>1,973,031</u>	<u>1,540,388</u>
Operating expenses		
Printing of notes and minting of coins	41,297	52,305
Salaries and related expenses	252,349	253,316
Interest paid	89,511	78,303
Directors' fees	1,171	1,168
Depreciation	28,365	28,417
Other operating expenses	88,478	80,243
Increase in provisions	-	-
Total operating expenses	<u>501,171</u>	<u>493,752</u>
Net surplus for the period	<u>1,471,860</u>	<u>1,046,636</u>
Total comprehensive income for the period	<u>1,471,860</u>	<u>1,046,636</u>

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

29. PARENT (cont'd)

**Statement of Changes in Equity
for the year ended 30 September 2018**

	Issued and Fully Paid Up Capital \$'000	General Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 1st October 2016	800,000	800,000	-	1,600,000
Net surplus for the period	-	-	1,046,636	1,046,636
Transfer of surplus to Consolidated Fund	-	-	(1,046,636)	(1,046,636)
Balance as at 30th September 2017	800,000	800,000	-	1,600,000
Balance as at 1st October 2017	800,000	800,000	-	1,600,000
Net surplus for the period	-	-	1,471,860	1,471,860
Transfer of surplus to Consolidated Fund	-	-	(1,471,860)	(1,471,860)
Balance as at 30th September 2018	800,000	800,000	-	1,600,000

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

29. PARENT (cont'd)

Statement of Cash Flows
for the year ended 30 September 2018

	Sep-18	Sep-17
	\$'000	\$'000
Cash flows from operating activities		
Net surplus for the year before taxation	1,471,860	1,046,636
Adjustments for:		
Depreciation	28,365	28,417
Net loss on disposal of fixed assets	20	98
Impairment loss	6,088	
Interest income	(2,069,185)	(1,719,513)
Interest expense	89,511	78,303
Dividend income	(1,946)	(1,967)
Provisions	(20,341)	(6,789)
Revaluation of Artwork	-	(816)
Cash outflow before changes in operating assets and liabilities	(495,628)	(575,631)
Changes in operating assets and liabilities		
(Decrease)/Increase in accounts receivable & prepaid expenses	104,050	(761,320)
(Increase) in other assets	(15,619)	(6,016)
Decrease in retirement benefit asset	13,912	14,587
(Decrease) in accounts payable and other liabilities	(7,162,448)	(9,920,368)
Net cash flow (used in)/from operations	<u>(7,555,733)</u>	<u>(11,248,748)</u>

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

(Expressed in Trinidad & Tobago Dollars)

29. PARENT (cont'd)

Statement of Cash Flows
for the year ended 30 September 2018 (cont'd)

	Sep-18 \$'000	Sep-17 \$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(30,965)	(9,652)
Proceeds from sale of property, plant and equipment	-	20
Net proceeds from sale/(purchase of) investments	6,270,927	428,347
Net repayment/(issue) of loans and advances	49,590	35,968
Interest received	2,034,827	1,700,274
Dividends received	1,946	1,967
Interest paid	(87,269)	(81,923)
Net decrease in International Monetary Fund Holding of Special Drawing Rights and Allocation account	27,654	246
Payment to Consolidated Fund	(1,046,636)	(714,026)
Net cash flow from/(used in) investing activities	<u>7,220,074</u>	<u>1,361,221</u>
Cash flows from financing activities		
Lease payment	12,643	12,394
Net cash flow from financing activities	<u>12,643</u>	<u>12,394</u>
Net (decrease) in cash and cash equivalents	(323,016)	(9,875,133)
Foreign currency differences in monetary assets & liabilities	(1,513,777)	(145,141)
Cash and cash equivalents, beginning of period	30,387,392	40,407,666
Cash and cash equivalents, end of period	<u>28,550,599</u>	<u>30,387,392</u>



APPENDICES
2017 - 2018

TABLE A.1

CURRENCY IN CIRCULATION

2012 – 2018

(\$'000s)

END OF MONTH	NOTES (OLD TT)	NOTES (REPUBLIC)	TOTAL NOTES IN CIRCULATION	COINS	TOTAL CURRENCY IN CIRCULATION
Sep-12	19,044	5,622,561	5,641,605	184,517	5,826,122
Sep-13	19,044	6,347,514	6,366,558	195,715	6,562,273
Sep-14	19,044	7,184,467	7,203,511	206,618	7,410,129
Sep-15	19,044	8,239,292	8,258,336	218,238	8,476,574
Sep-16	19,044	8,374,404	8,393,448	229,944	8,623,392
Sep-17	19,044	8,634,825	8,653,869	234,480	8,888,349
Oct-17	19,044	8,635,902	8,654,946	234,895	8,889,841
Nov-17	19,044	8,661,152	8,680,196	235,541	8,915,737
Dec-17	19,044	9,165,753	9,184,797	236,150	9,420,947
Jan-18	19,044	8,575,621	8,594,665	236,285	8,830,950
Feb-18	19,044	8,566,442	8,585,486	236,547	8,822,033
Mar-18	19,044	8,691,882	8,710,926	236,815	8,947,741
Apr-18	19,044	8,561,261	8,580,305	237,229	8,817,534
May-18	19,044	8,716,566	8,735,610	237,449	8,973,059
Jun-18	19,044	8,552,790	8,571,834	237,561	8,809,395
Jul-18	19,044	8,602,895	8,621,939	237,434	8,859,373
Aug-18	19,044	8,555,356	8,574,400	237,676	8,812,076
Sep-18	19,044	8,495,199	8,514,243	238,088	8,752,331

Source: Central Bank of Trinidad and Tobago

TABLE A.2
CENTRAL BANK STATEMENT OF LIABILITIES AND ASSETS,
2017 – 2018 (\$'000s)

LIABILITIES								
END OF MONTH	CURRENCY IN CIRCULATION TOTAL	DEPOSITS				OTHER LIABILITIES	CAPITAL & RESERVE FUNDS	TOTAL LIABILITIES, CAPITAL AND RESERVES
		COMMERCIAL BANKS	NON-BANK FINANCIAL INSTITUTIONS	GOVERNMENT & GOVERNMENTAL ORGANISATIONS ¹	INTERNATIONAL ORGANISATIONS			
2016/17								
OCT	8,610,168	20,055,797	602,040	(307,350)	2,968,744	46,635,114	1,600,000	80,164,513
NOV	8,778,163	20,422,916	638,023	(3,190,138)	2,968,744	46,816,051	1,600,000	78,033,759
DEC	9,374,818	18,772,718	624,029	(3,415,371)	2,968,744	47,234,700	1,600,000	77,159,638
JAN	8,744,714	19,296,834	792,064	(3,487,544)	2,968,744	46,005,276	1,600,000	75,920,088
FEB	8,853,548	20,357,733	810,230	(4,129,475)	2,925,819	43,121,587	1,600,000	73,539,442
MAR	8,852,203	18,733,077	738,756	(2,312,865)	2,925,819	44,531,354	1,600,000	75,068,344
APR	8,890,653	20,119,636	531,960	(3,285,852)	2,964,687	43,267,860	1,600,000	74,088,944
MAY	8,958,006	18,614,557	234,600	(3,638,072)	2,964,687	44,200,479	1,600,000	72,934,257
JUN	9,024,203	17,140,104	393,013	(3,232,425)	2,964,687	43,978,764	1,600,000	71,868,346
JUL	8,968,097	17,393,153	409,116	(2,633,709)	3,006,741	44,106,759	1,600,000	72,850,157
AUG	8,848,026	17,838,225	314,282	(3,532,237)	3,006,741	43,297,793	1,600,000	71,372,830
SEP	8,895,009	16,533,504	419,813	632,642	3,006,741	40,579,198	1,600,000	71,666,905
2017/18								
OCT	8,923,761	16,676,817	351,334	855,435	3,006,741	40,074,722	1,600,000	71,465,596
NOV	9,430,478	17,870,043	351,873	(362,238)	3,006,741	37,590,006	1,600,000	68,980,186
DEC	8,841,864	17,092,333	320,625	246,107	3,059,273	37,744,331	1,600,000	69,493,147
JAN	8,828,789	19,003,208	351,573	963,664	3,059,273	35,557,409	1,600,000	69,376,990
FEB	8,954,077	18,310,095	324,427	(684,591)	3,059,273	36,746,749	1,600,000	68,184,742
MAR	8,825,442	16,610,915	323,359	(1,086,273)	3,059,273	37,261,113	1,600,000	66,722,465
APR	8,978,773	17,441,439	331,699	(642,245)	3,112,285	37,769,201	1,600,000	68,437,822
MAY	8,815,813	17,464,633	355,587	(3,446,761)	3,112,285	37,972,835	1,600,000	66,037,351
JUN	8,865,085	17,434,452	359,375	(3,858,054)	3,112,285	38,785,251	1,600,000	66,249,122
JUL	8,818,785	18,309,240	313,420	(2,881,689)	3,112,285	36,198,830	1,600,000	65,517,170
AUG	8,756,312	19,309,220	189,140	(1,576,359)	3,112,285	32,041,477	1,600,000	63,494,548
SEP	8,895,009	17,116,422	181,892	(2,331,970)	3,112,285	36,463,567	1,600,000	64,898,508

Source: Central Bank of Trinidad and Tobago

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

² Includes Foreign Currencies on hand

ASSETS							
EXTERNAL ASSETS							
BALANCES WITH BANKS ABROAD ²	OTHER FOREIGN SECURITIES	GOLD SUBSCRIPTION TO INTERNATIONAL MONETARY FUND	SUBSCRIPTIONS TO INTERNATIONAL ORGANISATIONS	SDR'S	TT DOLLAR SECURITIES	OTHER ASSETS INCLUDING FIXED ASSET	TOTAL ASSETS
38,166,870	25,905,135	4,343,083	894,669	2,239,328	351,185	8,264,243	80,164,513
36,987,420	25,723,865	4,343,083	898,489	2,239,359	350,570	7,490,973	78,033,759
35,583,961	25,712,133	4,343,083	901,459	2,239,359	330,622	8,049,021	77,159,638
35,093,287	25,727,562	4,343,083	899,345	2,239,359	228,290	7,389,162	75,920,088
33,527,081	25,398,356	4,280,287	897,719	2,206,993	229,110	6,999,896	73,539,442
33,780,131	25,647,580	4,280,287	899,682	2,206,993	221,082	8,032,589	75,068,344
33,430,408	25,466,084	4,337,149	900,714	2,236,224	223,557	7,494,808	74,088,944
32,757,422	25,692,638	4,337,149	898,021	2,236,154	224,038	6,788,835	72,934,257
31,168,811	25,663,383	4,337,149	901,741	2,236,154	224,035	7,337,073	71,868,346
30,992,318	26,050,882	4,398,670	898,848	2,267,873	227,106	8,014,460	72,850,157
30,330,649	25,791,636	4,398,670	896,677	2,267,737	228,402	7,459,059	71,372,830
29,338,210	25,746,397	4,398,670	900,963	2,267,737	220,540	8,794,388	71,666,905
29,386,545	25,571,739	4,398,670	898,836	2,267,737	287,144	8,654,925	71,465,596
28,238,943	25,533,752	4,398,670	901,777	2,267,577	222,387	7,417,078	68,980,186
28,336,567	26,305,315	4,475,522	900,906	2,307,195	224,040	6,943,601	69,493,147
28,576,323	24,704,921	4,475,522	900,685	2,307,195	224,138	8,188,207	69,376,990
26,781,429	25,289,746	4,475,522	898,718	2,306,854	222,755	8,209,717	68,184,742
26,040,791	25,342,825	4,475,522	899,160	2,306,854	214,288	7,443,025	66,722,465
27,862,298	23,296,014	4,553,076	898,156	2,346,777	214,017	9,267,484	68,437,822
29,916,899	21,341,449	4,553,076	898,686	2,346,248	215,760	6,765,234	66,037,351
28,630,146	21,839,497	4,553,076	897,211	2,346,248	217,676	7,765,270	66,249,122
28,119,861	21,880,659	4,553,076	896,390	2,346,248	209,593	7,511,344	65,517,170
27,964,334	20,978,124	4,553,076	891,465	2,345,627	210,629	6,551,294	63,494,548
27,623,682	20,685,203	4,553,076	893,260	2,345,627	209,672	8,587,988	64,898,508

TABLE A.3

AVERAGE DEPOSIT LIABILITIES AND REQUIRED AND ACTUAL CASH RESERVES

for Period Ending September 2018 (\$'000s)

RESERVE PERIOD ENDING	AVERAGE DEPOSIT LIABILITIES	REQUIRED CASH RESERVES	AVERAGE CASH RESERVES
4-Oct-17	78,251,076	13,302,683	15,030,497
11-Oct-17	78,240,794	13,300,935	16,244,046
18-Oct-17	78,096,829	13,276,461	16,297,871
25-Oct-17	77,981,694	13,256,888	16,856,606
1-Nov-17	77,955,988	13,252,518	15,442,264
8-Nov-17	77,988,271	13,258,006	16,258,235
15-Nov-17	77,988,594	13,258,061	15,941,468
22-Nov-17	78,101,859	13,277,316	16,440,642
29-Nov-17	78,142,776	13,284,272	15,491,589
6-Dec-17	78,359,418	13,321,101	16,760,760
13-Dec-17	78,378,135	13,324,283	16,038,192
20-Dec-17	78,449,012	13,336,332	15,601,789
27-Dec-17	78,489,365	13,343,192	15,895,646
3-Jan-18	78,453,212	13,337,046	14,838,622
10-Jan-18	78,771,894	13,391,222	14,507,384
17-Jan-18	78,604,535	13,362,771	14,809,447
24-Jan-18	78,727,712	13,383,711	16,315,205
31-Jan-18	78,400,653	13,328,111	17,435,195
7-Feb-18	78,168,729	13,288,684	18,380,802
14-Feb-18	78,313,882	13,313,360	16,858,320
21-Feb-18	78,351,329	13,319,726	16,238,916
28-Feb-18	78,698,894	13,378,812	16,736,117
7-Mar-18	78,884,729	13,410,404	16,443,452
14-Mar-18	79,062,982	13,440,707	15,421,253
21-Mar-18	79,247,559	13,472,085	15,672,956
28-Mar-18	79,180,947	13,460,761	14,795,012
4-Apr-18	79,105,759	13,447,979	15,258,499
11-Apr-18	78,922,024	13,416,744	15,246,816
18-Apr-18	78,586,188	13,359,652	15,406,487
25-Apr-18	78,491,094	13,343,486	16,123,259
2-May-18	78,337,488	13,317,373	16,153,275
9-May-18	78,386,765	13,325,750	15,551,795
16-May-18	78,444,235	13,335,520	15,139,128
23-May-18	78,356,335	13,320,577	15,824,470
30-May-18	78,311,835	13,313,012	15,897,506
6-Jun-18	78,346,735	13,318,945	16,442,988
13-Jun-18	78,286,535	13,308,711	16,071,276
20-Jun-18	78,718,012	13,382,062	16,165,700
27-Jun-18	78,901,324	13,413,225	15,330,219
4-Jul-18	78,909,888	13,414,681	15,553,196
11-Jul-18	79,020,041	13,433,407	15,693,771
18-Jul-18	78,587,653	13,359,901	15,921,448
25-Jul-18	78,528,647	13,349,870	16,285,231
1-Aug-18	78,528,647	13,349,870	16,738,667
8-Aug-18	78,526,376	13,349,484	20,378,648
15-Aug-18	78,562,712	13,355,661	21,235,013
22-Aug-18	78,740,176	13,385,830	21,318,738
29-Aug-18	78,388,276	13,326,007	18,837,920
5-Sep-18	78,221,894	13,297,722	19,072,785
12-Sep-18	78,128,194	13,281,793	18,319,727
19-Sep-18	78,281,306	13,307,822	17,242,326
26-Sep-18	78,827,029	13,400,595	18,331,275

TABLE A.4

NON-BANK FINANCIAL INSTITUTIONS:

AVERAGE DEPOSIT LIABILITIES AND REQUIRED AND ACTUAL CASH RESERVES

for Period Ending September 2018

(TT\$ '000s)

RESERVE PERIOD ENDING	AVERAGE DEPOSIT LIABILITIES	REQUIRED CASH RESERVES	AVERAGE CASH RESERVES
4-Oct-17	1,983,033	178,473	420,504
11-Oct-17	1,982,100	178,389	400,649
18-Oct-17	1,982,622	178,436	400,863
25-Oct-17	1,981,767	178,359	426,202
1-Nov-17	2,001,456	180,131	351,449
8-Nov-17	1,994,744	179,527	350,920
15-Nov-17	1,987,056	178,835	202,128
22-Nov-17	1,981,100	178,299	247,548
29-Nov-17	1,974,500	177,705	200,873
6-Dec-17	1,970,744	177,367	281,591
13-Dec-17	1,971,233	177,411	281,898
20-Dec-17	1,963,600	176,724	281,280
27-Dec-17	1,952,656	175,739	322,046
3-Jan-18	1,952,400	175,716	320,587
10-Jan-18	1,947,644	175,288	190,086
17-Jan-18	1,949,300	175,437	330,251
24-Jan-18	1,963,333	176,700	331,439
31-Jan-18	1,961,911	176,572	351,573
7-Feb-18	1,971,133	177,402	396,445
14-Feb-18	1,985,978	178,738	322,711
21-Feb-18	1,988,167	178,935	323,134
28-Feb-18	2,002,622	180,236	324,427
7-Mar-18	2,006,522	180,587	325,011
14-Mar-18	2,000,989	180,089	324,539
21-Mar-18	1,993,211	179,389	323,546
28-Mar-18	1,989,300	179,037	323,359
4-Apr-18	1,978,911	178,102	322,262
11-Apr-18	1,993,978	179,458	208,587
18-Apr-18	2,015,733	181,416	330,535
25-Apr-18	2,024,078	182,167	336,711
2-May-18	2,037,811	183,403	355,545
9-May-18	2,031,400	182,826	358,653
16-May-18	2,024,189	182,177	353,922
23-May-18	2,036,189	183,25	360,491
30-May-18	2,039,400	183,546	355,587
6-Jun-18	2,042,133	183,792	355,712
13-Jun-18	2,044,356	183,992	356,174
20-Jun-18	2,064,733	185,826	357,976
27-Jun-18	2,090,244	188,122	369,198
4-Jul-18	2,077,822	187,004	359,454
11-Jul-18	2,063,444	185,710	327,323
18-Jul-18	2,019,022	181,712	293,332
25-Jul-18	1,975,311	177,778	309,458
1-Aug-18	1,975,311	177,778	313,420
8-Aug-18	2,049,456	184,451	200,680
15-Aug-18	2,070,600	186,354	194,464
22-Aug-18	2,068,389	186,155	194,200
29-Aug-18	2,015,044	181,354	189,140
5-Sep-18	1,957,333	176,160	183,990
12-Sep-18	1,918,089	172,628	180,430
19-Sep-18	1,905,733	171,516	179,579
26-Sep-18	1,931,589	173,843	185,234

Source: Central Bank of Trinidad and Tobago

NOTES

2018

ANNUAL REPORT



CENTRAL BANK OF
TRINIDAD & TOBAGO

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