



ANNUAL REPORT 2017

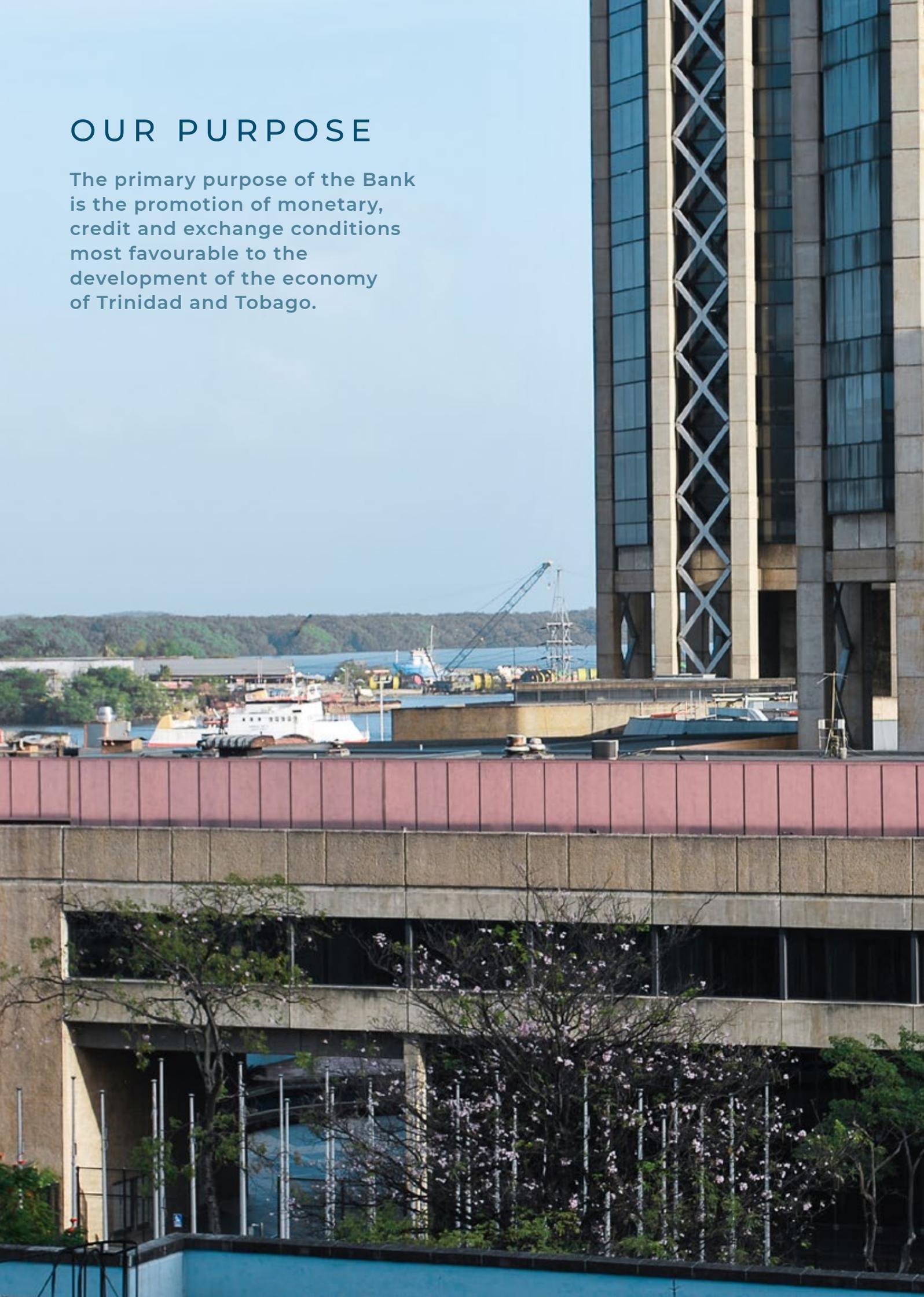


CENTRAL BANK OF
TRINIDAD & TOBAGO

www.central-bank.org.tt

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 generally, have the powers and undertake the duties and responsibilities assigned to it by any other law.
- (g) generally have the powers and undertake the duties and responsibilities assigned to it by any other law.

LAWS OF TRINIDAD AND TOBAGO

INSURANCE ACT CHAPTER. 84:01

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

FINANCIAL INSTITUTIONS ACT CHAPTER. 79:09

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

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

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

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

LETTER OF TRANSMITTAL



CENTRAL BANK OF
TRINIDAD & TOBAGO

December 29, 2017

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

REF: CB-G-158/2017

Dear Minister Imbert,

In accordance with Section 53(1) of the Central Bank Act Chap.79:02, I enclose herewith the Report of the Central Bank of Trinidad and Tobago for the year ended September 30, 2017, together with a copy of the Annual Audited Statement of Accounts certified by the Auditors.

A handwritten signature in black ink, appearing to read 'Alvin Hilaire', written over a horizontal line.

ALVIN HILAIRE
Governor



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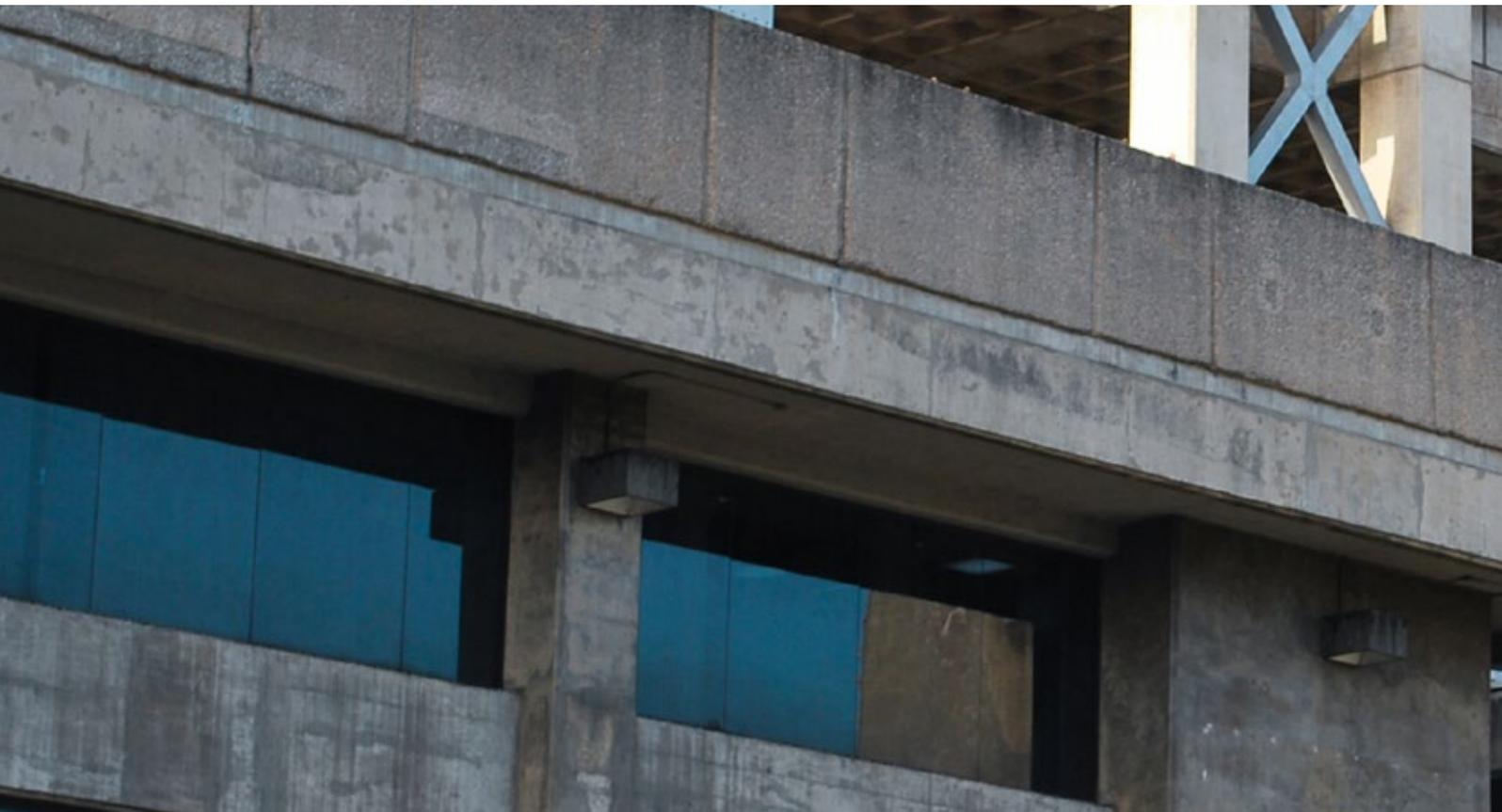
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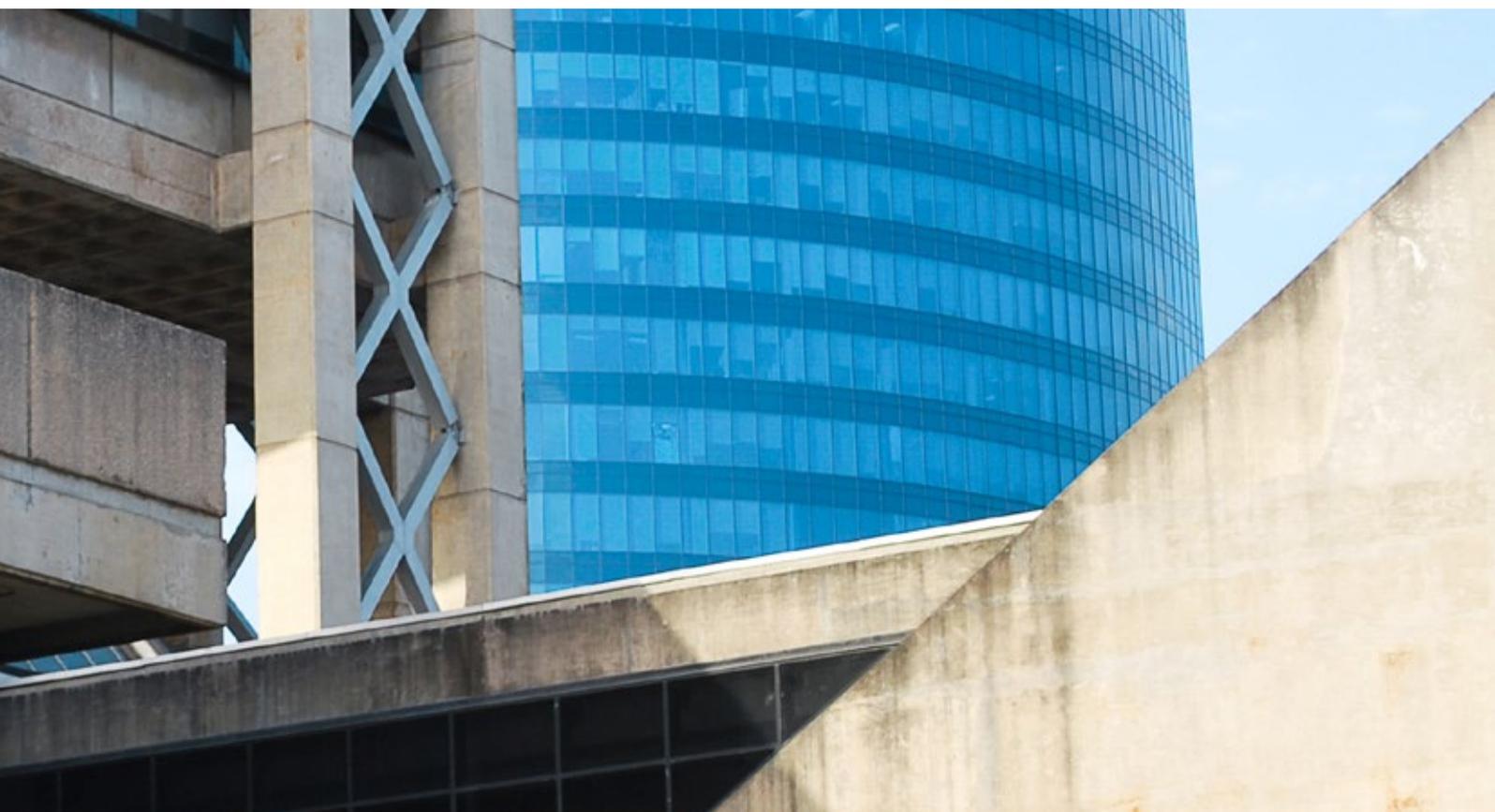
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PART 01





Governor
Chairman of the Board

GOVERNOR'S FOREWORD

The Central Bank held a steady course in 2016/17 while making some major strategic plan achievements in the context of a complex domestic economic setting.

The Trinidad and Tobago economy continued to feel the impact of the downturn in international energy prices and in domestic production of natural gas and crude oil. The direct implications on the Government's energy revenue, and the country's export earnings spilled over into a contraction in overall economic activity, some increase in unemployment and a decline in international reserves. At the same time, inflation remained very low and credit expansion, particularly to businesses, relatively tepid.

On the international front, there was general evidence of acceleration in the momentum of the economic recovery. For some countries however, natural disasters, climate change, political instability and depressed commodity prices, created major challenges for reform efforts. Most Caribbean nations, including those oil importers benefitting from lower petroleum prices, continued to concentrate on fiscal adjustments while attempting to shore up economic growth possibilities.

The monetary policy of most Central Banks remained generally accommodative in support of increasing economic activity and returning inflation to targets. While largely anticipated, the unwinding of the stimulus programme in the United States heightened attention to the possibilities of capital flows in response to the increases in the Fed Funds rate.

In this environment of low domestic inflation and sluggish economic activity in tandem with narrowing TT/foreign interest differentials, monetary policy in Trinidad and Tobago was finely balanced. The Bank kept

the 'repo' rate at 4.75 per cent throughout the year, while adjusting its open market operations to take into account the public sector's dynamic financing requirements.

Meanwhile, Trinidad and Tobago's overall financial system remained sound. The Bank intensified its supervision of credit risks given the potential for a decline in financial institutions' asset quality to the extent that borrowers may have been experiencing difficulty in servicing their loans. Collaboration with regional and domestic supervisory agencies was strengthened by the adoption of formal information sharing mechanisms. The Bank's capacity to supervise diverse financial groups and Systemically Important Financial Institutions was improved by the implementation of the consolidated supervision framework, while progress was made on expanding stress testing. Implementation of the new Basel II/III capital regime also progressed along with the CLICO resolution plan

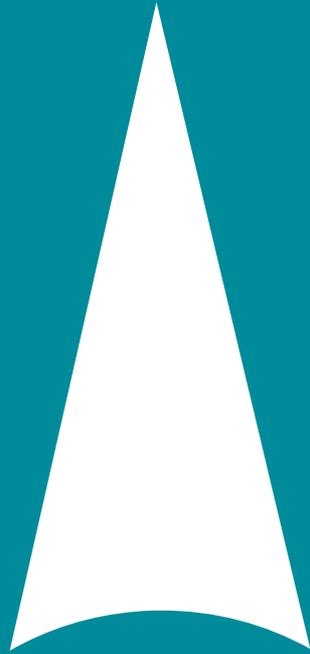
In streamlining its currency issue, the Bank discontinued the issuance of the 1 cent coin in July 2017 and changed the metallic composition of the other coins to much more cost-effective metal-plated materials. The effective public education programmes that accompanied these changes formed part of a broader strengthening of communication involving streamlining of the Bank's website, simplifying and extending coverage of monetary and financial sector issues, and a relaunch of the National Financial Literacy Programme.

Internally, the Bank made significant strides in strengthening governance and efficiency. These included reforms in procurement and the tenders' process, as well as the information and physical security frameworks. Moreover, a whistle blowing policy was finalized, whereby staff can anonymously report incidents to an independent external agency. At the same time, the staff expanded its charitable engagement with disadvantaged communities, while the Bank continued its cultural contribution via the auditorium events, and supported scholars and young students through scholarships in partnership with De La Rue and vacation internships. Our staff benefitted from extensive technical training throughout the year which provides a solid foundation for the work of the institution.

Looking forward, the coming year is expected to be filled with interesting challenges, ranging from continued macroeconomic adjustment to the growing pervasiveness of digital currencies. The Central Bank is already preparing to deal with these issues while shoring up its internal processes to further strengthen governance and efficiency in the service of Trinidad and Tobago.



Governor
Chairman of the Board
Dr. Alvin Hilaire



LEADERSHIP &
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



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

Ms. Dianne Pierre

Senior Specialist Advisor,
Strategic Projects

Mr. Patrick Solomon

Senior Specialist Advisor,
Corporate Governance,
Controls and Compliance



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



Mr. Christopher Subryan
Manager, Finance and Accounting



Mrs. Sharon Villafana
Manager, Banking Operations

ASSISTANT MANAGERS



Ms. Patricia Babwah
Assistant Manager, Legal and Contract Services



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



Mr. Kendall Cuffy
Assistant Manager, Banks and Non-Banks



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. Amrita Gosine
Assistant Manager, External Relations



Mr. John Griffith
Assistant Manager, Risk Management and IT Governance



Ms. Loren Harrinauth
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



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. Natalie
Roopchandsingh**
Assistant Manager, Insurance



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



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

SPECIALIST ADVISORS



Mrs. Sheriza Hassan-Ali

Specialist Advisor,
ITS Governance and
Risk Management



Ms. Suzanne Nero

Specialist Advisor,
Pensions



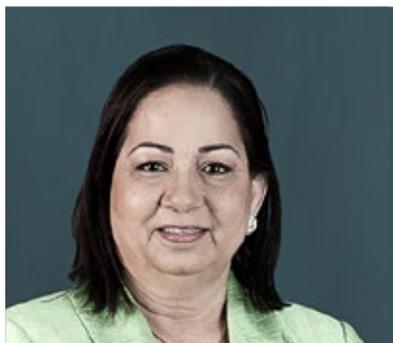
Ms. Sandra Racha

Specialist Advisor,
Energy Policy



Ms. Jacinta Sohun

Specialist Advisor,
Insurance



Ms. Roxanne Solomon

Specialist Advisor

SPECIALISTS



Mr. Anson Caliste

Specialist,
Project Management

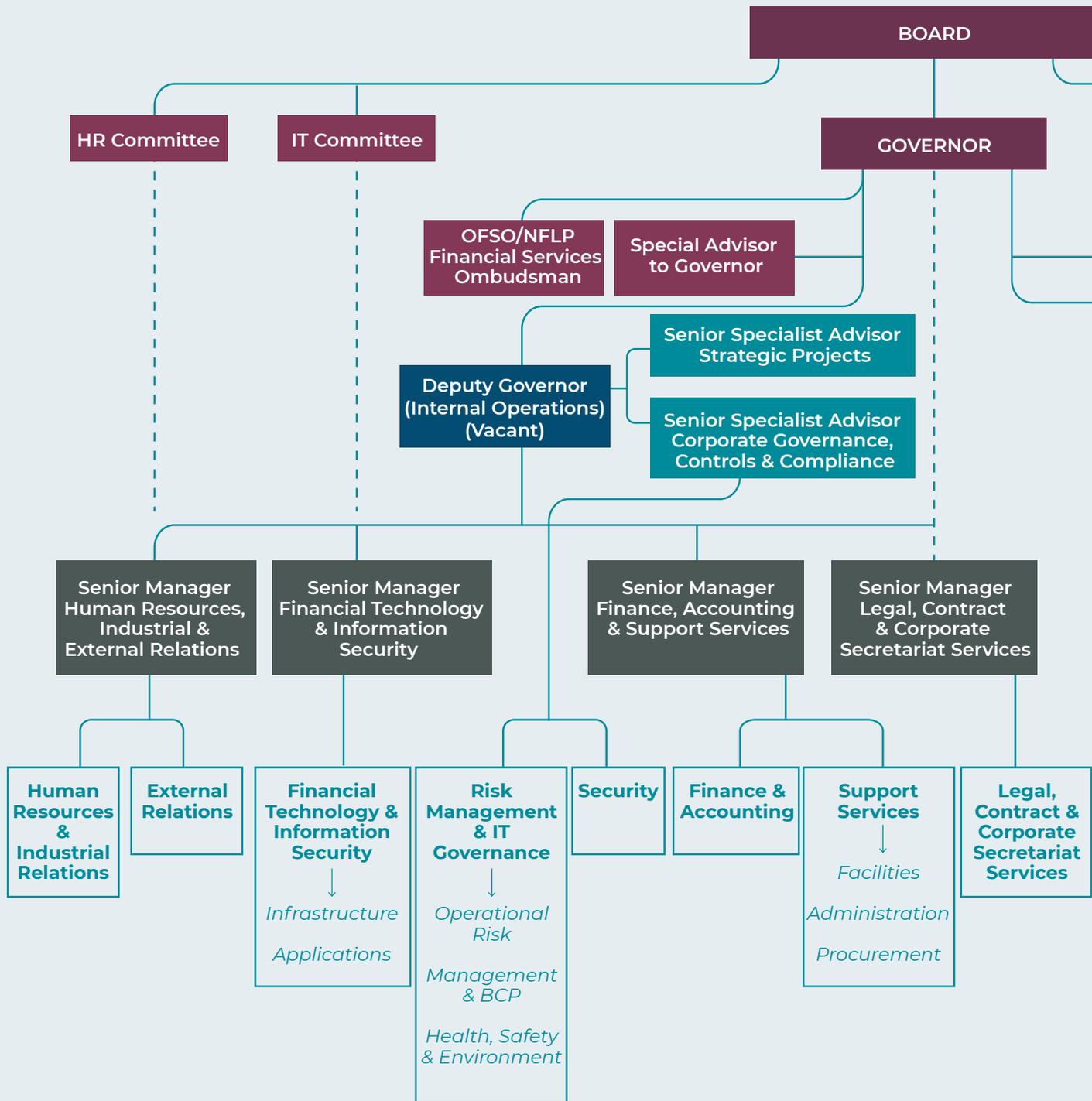


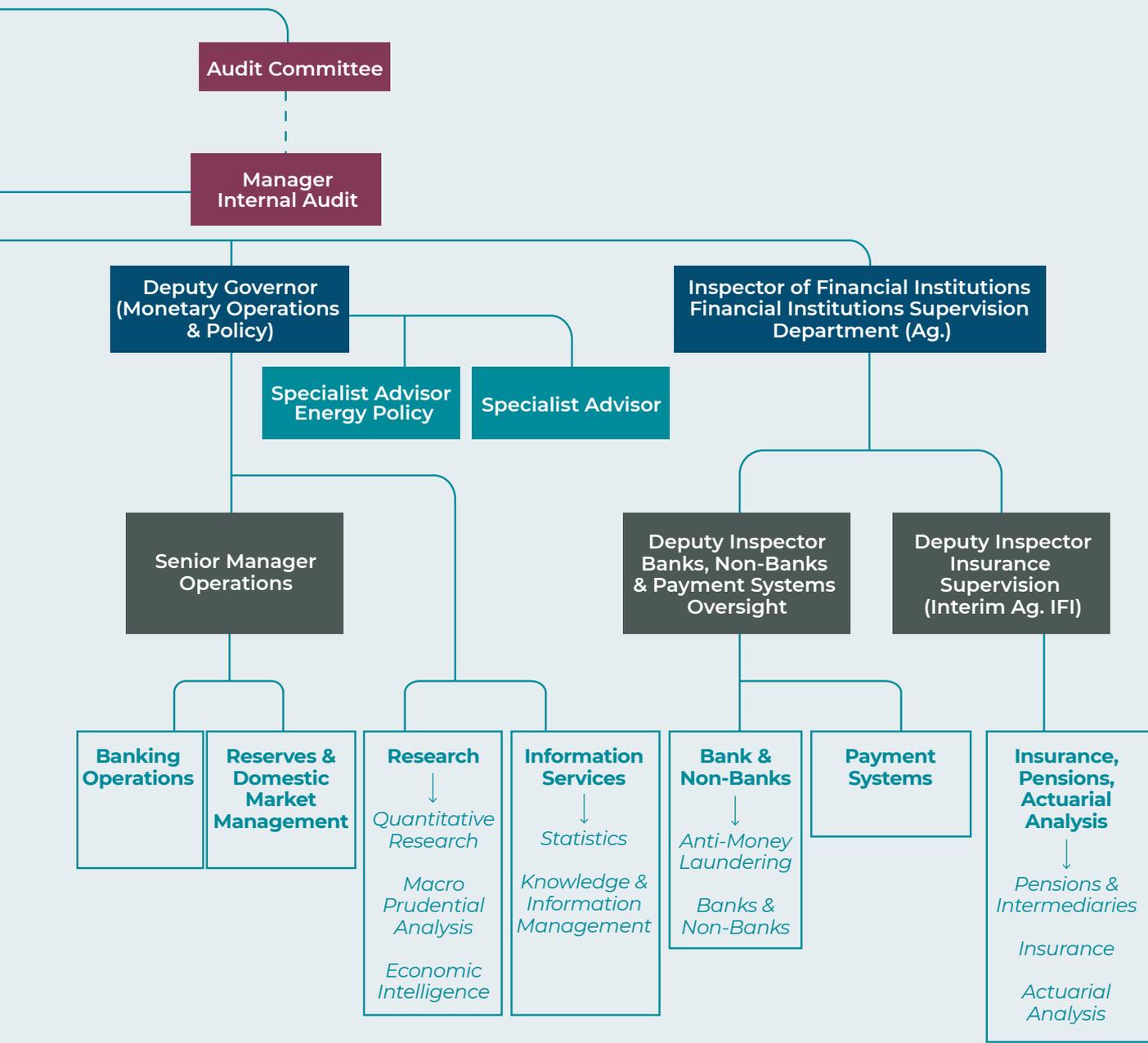
Ms. Denise Daniel

Specialist,
Industrial Relations

ORGANISATIONAL STRUCTURE

AS AT SEPTEMBER 30, 2017





Audit Committee

**Manager
Internal Audit**

**Deputy Governor
(Monetary Operations
& Policy)**

**Inspector of Financial Institutions
Financial Institutions Supervision
Department (Ag.)**

**Specialist Advisor
Energy Policy**

Specialist Advisor

**Senior Manager
Operations**

**Deputy Inspector
Banks, Non-Banks
& Payment Systems
Oversight**

**Deputy Inspector
Insurance
Supervision
(Interim Ag. IFI)**

**Banking
Operations**

**Reserves &
Domestic
Market
Management**

Research
↓
*Quantitative
Research*

*Macro
Prudential
Analysis*

*Economic
Intelligence*

**Information
Services**
↓
Statistics

*Knowledge &
Information
Management*

**Bank &
Non-Banks**
↓
*Anti-Money
Laundering*

*Banks &
Non-Banks*

**Payment
Systems**

**Insurance,
Pensions,
Actuarial
Analysis**
↓
*Pensions &
Intermediaries*

Insurance

*Actuarial
Analysis*

CENTRAL BANK OF TRINIDAD AND TOBAGO

STRATEGIC PLAN

2016/17-2020/21

Highlights of Year 1: 2016/17

The Bank's Strategic Plan for the period 2016/17 to 2020/21 was well on course at the end of FY 2016/17. The year involved extensive analysis, resource identification, planning and mobilisation as the foundation was built for the five year Plan. During the first year of the Plan, conceptual work was completed on all 23 projects selected to realize the goals set out under the three strategic themes of monetary policy, financial stability and internal operations while components of several projects were finished and some aspects of other projects far advanced. Significant progress was made in the three key areas: the framework for the conduct of monetary policy has improved in the context of a record of very low inflation; the assessment and conduct of financial sector supervision was advanced in a stable financial setting; and a stronger basis for greater efficiency and governance is progressively being established. Intense discussion and collaboration across the Bank and heightened tracking of each project during FY 2016/17 resulted in the modification of the implementation schedule, with 12 of the projects compressed and the remaining 11 projects extended. The Bank's Strategic Plan Project Implementation Update Year 1 is available on the Bank's website at <https://www.central-bank.org.tt/about/strategic-plan/project-implementation-update-year-1> and the major achievements for the year are represented on the following page.

OUR MISSION

To be a premier, trusted and dynamic Central Bank committed to a better Trinidad and Tobago.

OUR VISION

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



MONETARY POLICY

Streamline currency issue and banking operations

The one cent coin was discontinued and new metal plated coins were introduced. Hence a major public education programme was launched outlining the rationale and schedule for altering the metallic composition of coins and the elimination of the one cent piece.

Enhance management of international reserves

With World Bank assistance, the specific aspects of a Portfolio Management Systems suitable to the Central Bank's needs were identified and a rigorous international tender process completed.

Improve governance standards in financial institutions

The International Monetary Fund (IMF) worked with the Bank in significantly bolstering our approach to dealing with financial groups, as opposed to the traditional focus on individual entities.

Improve risk-based supervision

The Central Bank introduced the Basel II/III capital adequacy framework, which will significantly strengthen how banks treat with risk.

FINANCIAL STABILITY

Strengthen internal corporate governance and efficiency

Major work was done, with Board input, on shoring up internal governance, notably in strengthening procurement processes.

Develop transparent staff feedback mechanism and effective wellness programme

Advance Central Bank public education and communication

The whistle-blowing policy was implemented and outreach mechanisms were enhanced.

INTERNAL OPERATIONS



REVIEW
OF
ACTIVITIES
2016-2017¹

1. The Bank's financial year runs from October 1, 2016 to September 30, 2017.

MONETARY POLICY AND ECONOMIC DEVELOPMENTS

In 2017 the global economy began to recover from the events of the last few years, as many of the major advanced and emerging economies experienced either accelerated growth or recovered from a recessionary period. Inflation was a concern with many of the advanced nations recording rates below the policy target. In addition the 2016 US election and the ongoing Brexit negotiation added to some of the uncertainty in the economic environment. However, by September 2017 these concerns had somewhat abated. Indeed in its October 2017 Global Economic Outlook the International Monetary Fund increased its expectations for global economic growth over 2017 and 2018.

During the financial year the Trinidad and Tobago economy continued to adjust to lower revenue from the main economic sector – the energy sector. International energy prices recovered compared to the previous year, with oil prices hovering around US\$50 per barrel. For much of the 2016/17 fiscal year (FY) the energy sector was beset by falling production, as the shortage of available natural gas resulted in the shutdown of several of the methanol plants. However, the coming on stream of BPTT's Juniper project in August 2017 has had a positive impact on natural gas production levels. The fallout from the energy sector continues to reverberate in the rest of the economy, as the indicators of economic activity suggest that almost every sector in the economy contracted over the first three quarters of the FY; the impact in the final quarter remains to be seen.

The continued adjustment of the economy was partially reflected in the unemployment rate which averaged 4 per cent in 2016, up from 3.4 in 2015. The latest information available from the Central Statistical Office indicates that in the first quarter of 2017 the unemployment rate increased to 4.5 per cent. Overall retrenchment notices slowed in 2017, with the sectors most affected by retrenchment being Petroleum and Mining and Manufacturing. The unemployment rate will likely be affected by

the fall in the participation rate, as persons opt out of the formal economy.

The subdued economic conditions as well as low international inflation rate resulted in the domestic inflation rate remaining well contained. In September 2017 headline inflation was 1.2 per cent, food 1.8 per cent and core 1.1 per cent. The low food inflation rate occurred in spite of floods that would have affected the domestic agricultural output; these impacts are expected in future months. The core inflation rate for September 2017 was the lowest rate since March 2004. This was due to declines in the prices of high value items such as foreign motor vehicles; major household appliances; photographic, information processing and sound equipment, as well as charges associated with renovation.

Given the developments in the economy and the inching up of interest rates in the developed economies, the balance of payments experienced a deficit with the continued decline in the country's level of reserves. While improvements in energy prices resulted in a positive impact on the value of energy exports in 2017, the current account still recorded a deficit as the surplus in the merchandise trade balance was offset by deficits in the services and primary income accounts. At the end of September 2017 the country's level of reserves was US\$8.5 billion or 9.8 months of import cover. Over the period October 2016 to September 2017 the TT dollar depreciated by less than 1 per cent (0.6 per cent).

Central Government accounts are estimated to register an overall deficit of \$12.6 billion (8.5 per cent of GDP) in FY 2016/17. Despite higher energy receipts, the substantial fall-off in non-energy revenues precipitated a decline in total revenue from the previous year. In FY 2016/17 total revenue is estimated at \$37.8 billion, \$7.1 billion less than in FY 2015/16. Central Government total expenditure is estimated at \$50.5 billion in FY 2016/17, \$3.0 billion lower

than FY 2015/16. The fall in total expenditure was largely on account of lower spending on the capital programme, transfers and subsidies and wages and salaries. The FY 2016/17 deficit was financed through a US\$252.5 million drawdown from the Heritage and Stabilisation Fund (HSF), as well as borrowings from domestic and external sources. On the domestic front, the Central Government borrowed \$8.2 billion under the Development Loans Act for budgetary support. The increase in external debt for the FY 2016/17 reflected a US\$300.0 million loan from the Andean Development Corporation (CAF), in addition to disbursements from existing loans.

In light of the subdued economic conditions, the low inflation rate and the narrow TT-US differentials, the Central Bank maintained the repo rate at 4.75 per cent over the period. The Bank in effecting its open market operations has contained liquidity levels, which averaged \$3.2 billion for the current fiscal year compared to \$3.7 billion in the previous period.

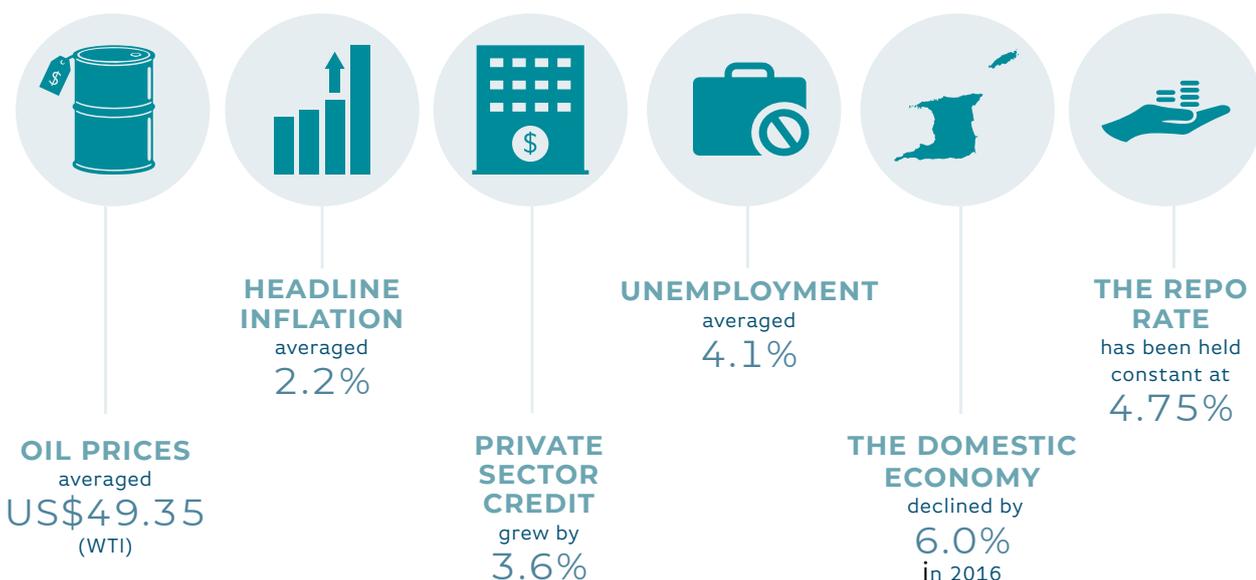
Fiscal activity during the year added \$6.9 billion to financial system liquidity, significantly lower than the \$7.8 billion injected over the previous year.

Treasury bill rates remained steady over FY 2016/17. Over the 12 months ending September

2017, the short-term 3-month treasury rate remained relatively flat at 1.20 per cent, while the one year rate slipped 8 basis points. On the longer end of the yield curve, the 10-year treasury rate experienced a 2 basis point decline.

Given the stability of the repo rate the commercial bank prime lending rate remained unchanged at 9 per cent for the 2016/17 fiscal year. While the weighted average lending rates moved marginally upwards from 8.12 per cent in September 2016 to 8.24 per cent in September 2017, average deposit rates remained sticky at 0.61 per cent. The interest rate spread was effectively increased by ten basis points to 7.62 per cent at the end of fiscal 2016/17.

Credit remained constrained given the domestic economic conditions. Lending to the private sector rose by 3.6 per cent, year-on-year, in September 2017, with loans to businesses rising by just 0.4 per cent. Consumer credit growth was higher at 4.5 per cent, albeit somewhat slower than the 7.6 per cent recorded in the year earlier period. Meanwhile, the expansion in real estate mortgage loans remained relatively robust at 6.7 per cent in September 2017.



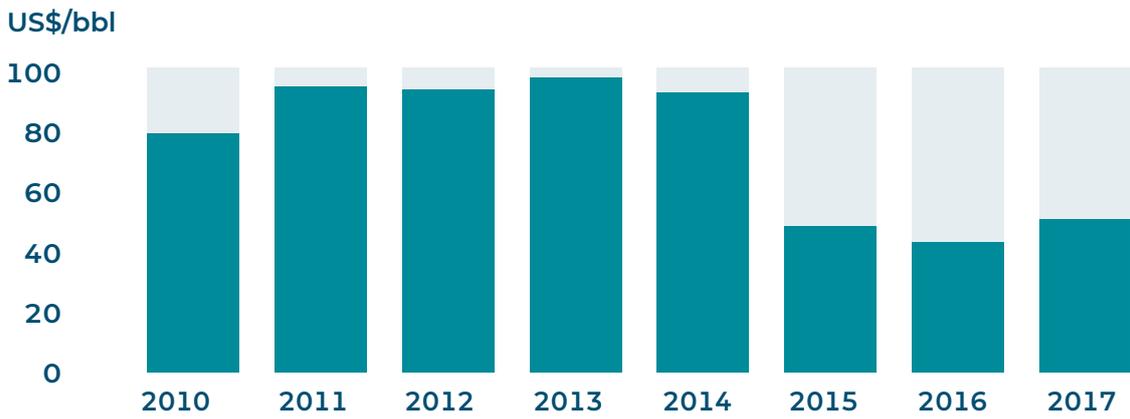


CHART A: CRUDE OIL PRICE - WTI

Source: Bloomberg

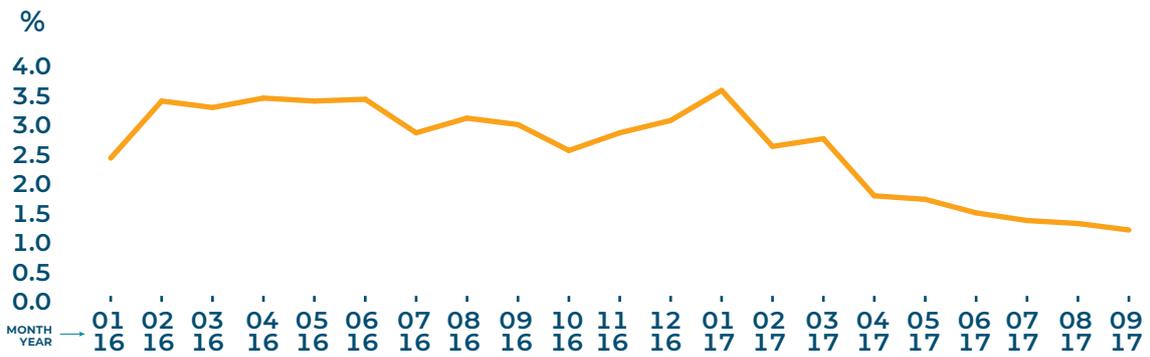


CHART B: INFLATION RATE

Source: Central Statistical Office

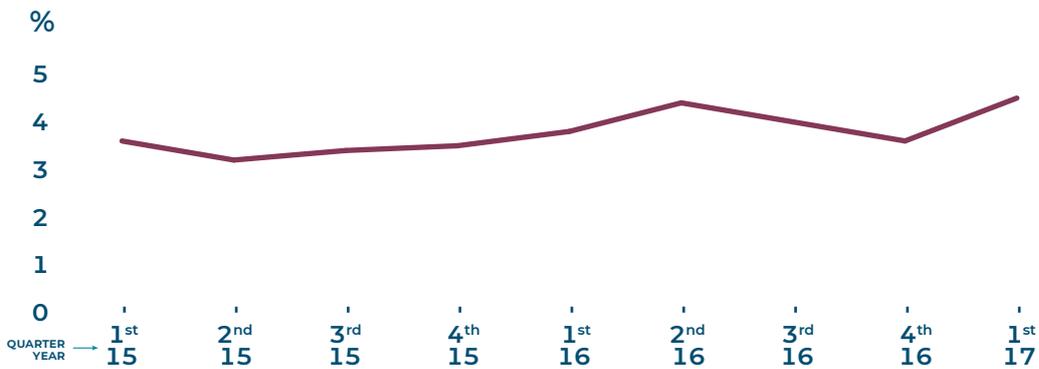


CHART C: UNEMPLOYMENT RATE

Source: Central Statistical Office

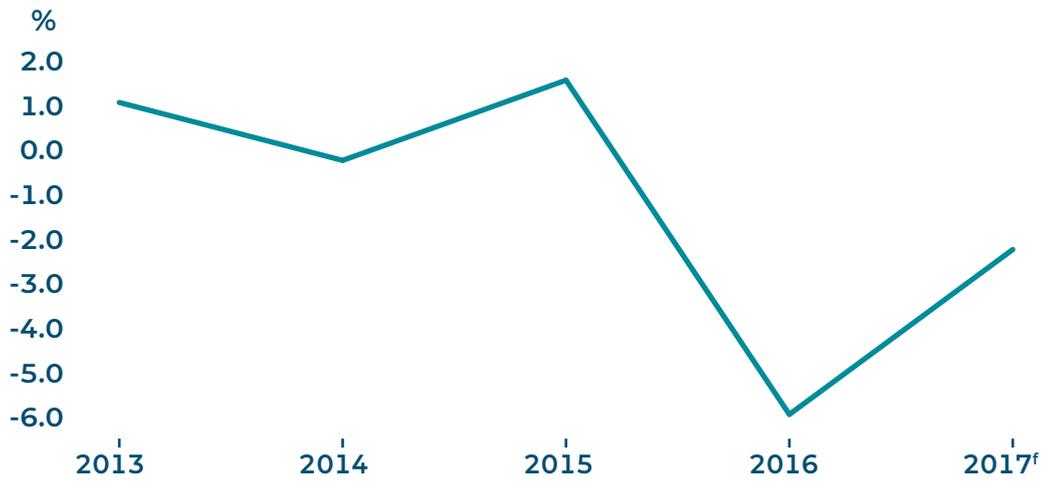


CHART D: REAL GDP GROWTH

Source: Central Statistical Office

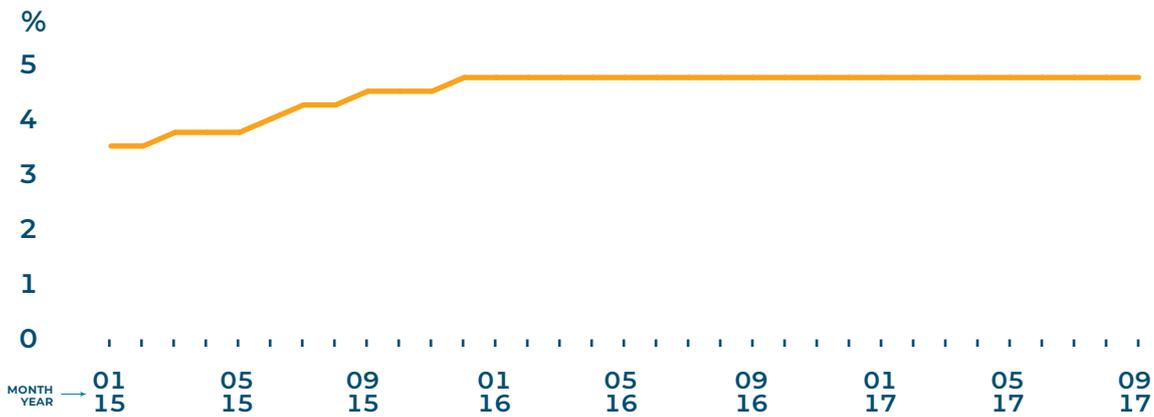


CHART E: REPO RATE

Source: Central Bank of Trinidad and Tobago



CHART F: PRIVATE SECTOR CREDIT GROWTH

Source: Central Bank of Trinidad and Tobago

MONETARY OPERATIONS

BANKING OPERATIONS

During the FY 2016/17, the Central Bank engaged in several strategic projects to improve the efficiency of its banking operations and service provided to all stakeholders. These included changing the metallic composition of coins, eliminating the 1 cent coin and updating clearing house arrangements.

CURRENCY

Change in Metallic composition of Coins and Elimination of the 1 Cent Coin

As part of its strategic plan for the period 2016/17 - 2020/21, the Bank embarked on a currency reform project that affected the country's coinage in 2017. Two major decisions taken as part of this strategic initiative were (i) to change the metallic composition of the 5 cents (5¢), 10 cents (10¢) and 25 cents (25¢) pieces from alloy-based to more cost-effective metal-plated materials; and (ii) to cease the issuance of the one cent coin (1¢) and to withdraw this lowest denomination from circulation. The Bank engaged in a series of stakeholder discussions with the commercial banks, government agencies and the general public, and a national public education drive to promote a better understanding of the changes that were to occur and to facilitate a smooth transition following the removal of the 1¢ coin from circulation. The Bank worked with the commercial banks to ensure that the necessary mechanisms would be put in place to treat with the issuance of the new coins and the elimination of the 1¢ coin. The services of a new minter, Royal Canadian Mint, were contracted by the Bank to produce the new suite of metal plated coins with nickel and copper overlay. In

keeping with its objectives, the Bank stopped issuing 1¢ coins on July 1, 2017, launched a nationwide coin education campaign, published rounding guidelines for cash transactions and placed new metal-plated 5¢, 10¢ and 25¢ coins into circulation (Box1). Over the financial year approximately 18.4 million coins were redeemed (Chart I), with approximately 16.5 million redeemed in the three-month period July to September 2017.

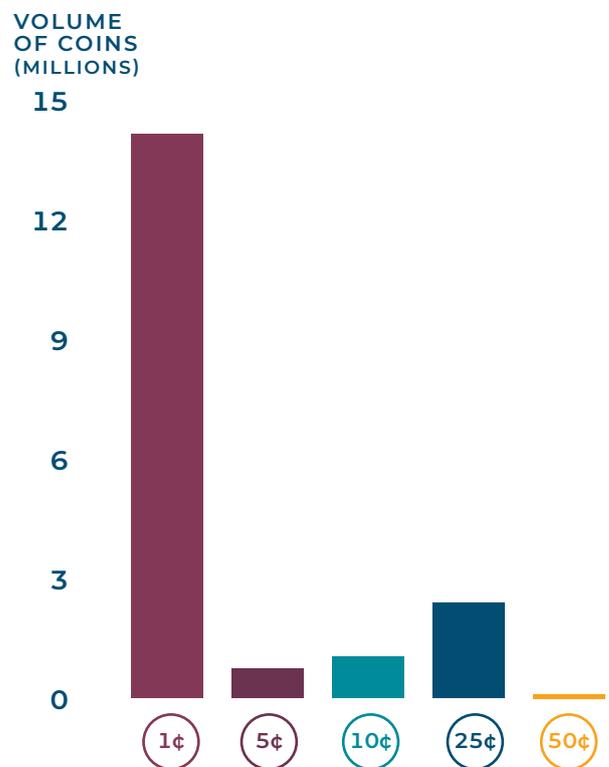
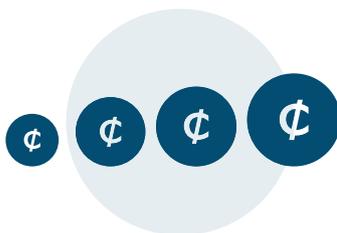


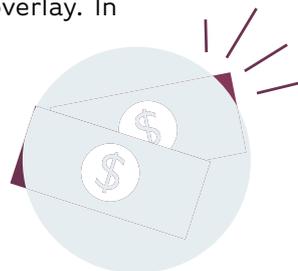
CHART I: VOLUME OF COINS REDEEMED

October 2016 – September 2017

Source: Central Bank of Trinidad and Tobago



18.4 MILLION
COINS REDEEMED



78 MILLION
NEW NOTES ISSUED



\$8.9 BILLION
CURRENCY IN
CIRCULATION

CURRENCY IN CIRCULATION

Currency in circulation as a percentage of Gross Domestic Product hovered around 6 per cent in FY 2016/17, compared to the 5.4 per cent recorded in the previous period. The annual growth of currency in circulation of 3.1 per cent (to \$8,888 million) (Chart II) was higher than the previous year's growth of 1.7 per cent.

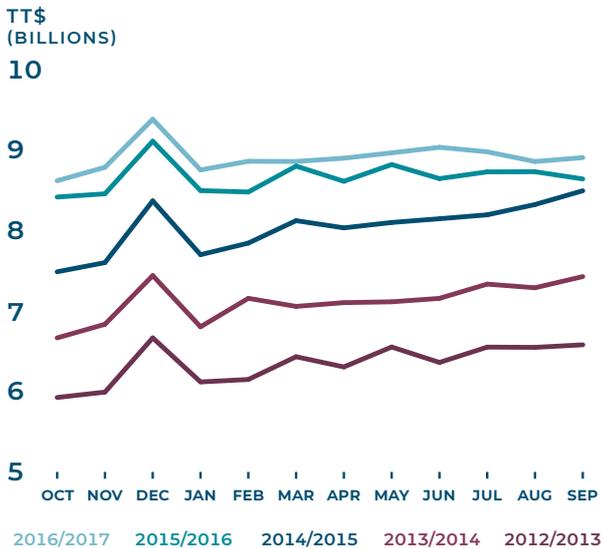


CHART II: CURRENCY IN CIRCULATION

Source: Central Bank of Trinidad and Tobago

increased by 17 per cent to a total of 78 million, compared with a total of 66 million new notes issued in the previous year. While the \$100 note represents the largest value of currency in circulation (about 90 per cent), the \$1 represents the largest volume of notes (Chart III).

Though the Bank stopped issuing one cent coins in mid 2017, the 1¢ remained the most widely circulated coin, representing approximately 49 per cent of the total volume of coins in circulation (Chart IV). Bank statistics indicate that an average of 52 million 1¢ pieces have been placed into circulation annually over the past five years. However, in FY 2016/17, the Bank issued less than 50 per cent of the volume of 1¢ coins than 2015/16 (Chart V). There was also a marked decrease in the volume of other coins demanded by the commercial banks during this period. The Bank's public education campaigns prompted the general public to redeem both 1¢ pieces and other coin denominations in much larger volumes than previously at the commercial banks. With such an improvement in the re-circulation of coins in the banking system, commercial banks substantially reduced the volume of coins they ordered from the Central Bank.

The volume of new notes issued by the Bank

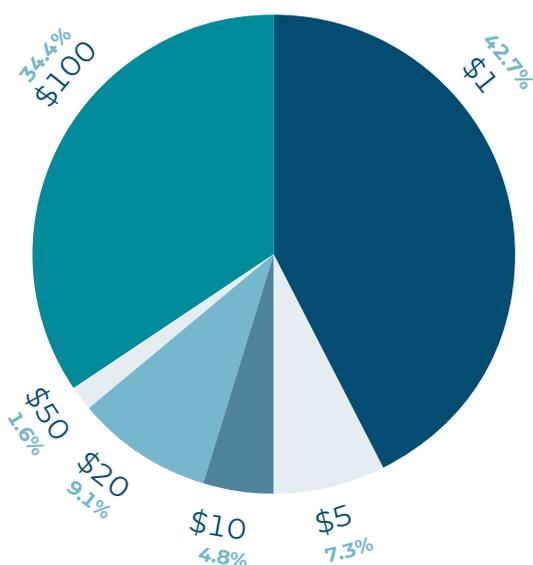


CHART III: VOLUME OF NOTES IN CIRCULATION BY DENOMINATION AS AT SEPTEMBER 2017

Source: Central Bank of Trinidad and Tobago

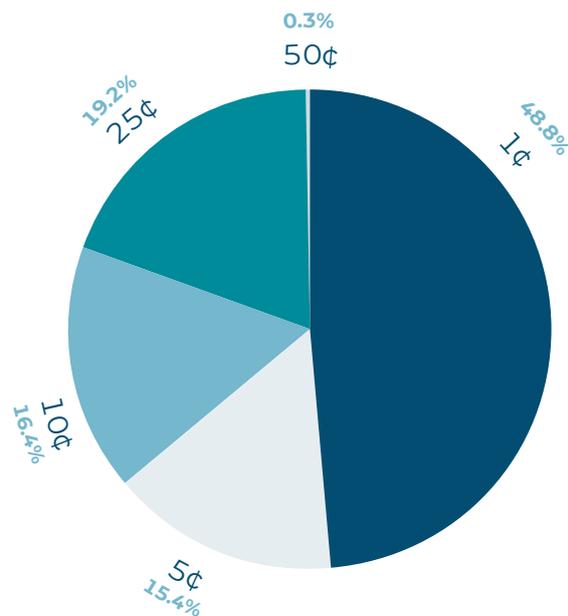


CHART IV: VOLUME OF COINS IN CIRCULATION BY DENOMINATION AS AT SEPTEMBER 2017

Source: Central Bank of Trinidad and Tobago

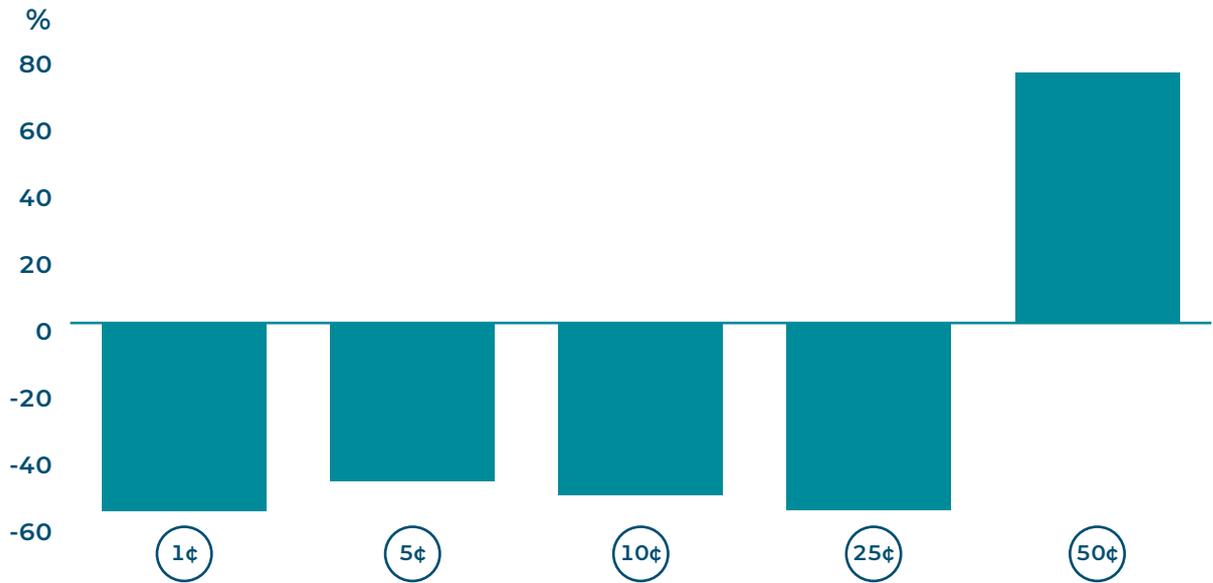


CHART V: CHANGE IN THE VOLUME OF COINS ISSUED: 2016/17 vs 2015/16 *Source: Central Bank of Trinidad and Tobago*

ROUNDING GUIDELINES

As of July 1, 2017, the Central Bank ceased issuance of one cent coins. The Central Bank intends to withdraw the one cent coin from circulation and, in due course, the one cent coin will no longer be legal tender. Therefore, over time, there will be fewer coins in the system and price rounding on cash transactions will be required.

When the one cent coin is demonetized, Regulations will be introduced to mandate and enforce rules on rounding. Until such time, these voluntary guidelines are intended to assist the public with the transition.

WHAT IS 'ROUNDING'?

Rounding means the lesser or greater adjustment of a final cash payment to the nearest 5 or 10 cents in accordance with the rounding guidelines set out in the Table below.

| ↑ ROUNDING UP TO THE NEAREST MULTIPLE OF 5 CENTS | ↓ ROUNDING DOWN TO THE NEAREST MULTIPLE OF 5 CENTS |
|---|---|
| A payment of \$1.03 shall be rounded to \$1.05 | A payment of \$1.01 shall be rounded to \$1.00 |
| A payment of \$1.04 shall be rounded to \$1.05 | A payment of \$1.02 shall be rounded to \$1.00 |
| A payment of \$1.08 shall be rounded to \$1.10 | A payment of \$1.06 shall be rounded to \$1.05 |
| A payment of \$1.09 shall be rounded to \$1.10 | A payment of \$1.07 shall be rounded to \$1.05 |

CLEARING AND SETTLEMENTS SYSTEMS

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 eight commercial banks. It remains the most significant payment system in the domestic economy in terms of value, settling a total value of \$523.8 billion for the period October 2016 to September 2017. The total volume of transactions settled amounted to 64,799, an increase of approximately 6.1 per cent from the previous period (Chart VI).

Cheque Clearing House

VOLUME OF TRANSACTIONS

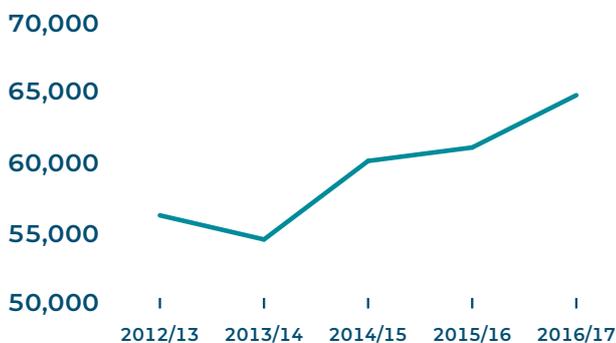


CHART VI: RTGS SYSTEM – VOLUME OF TRANSACTIONS

Source: Central Bank of Trinidad and Tobago

Arrangements – Introduction of Electronic Cheque Clearings

The Central Bank worked along with the eight commercial banks to review the software solutions for a cheque clearing facility. A Project Review Committee was formed which included representatives from all commercial banks. The review also included an exposure to the country models from representative banks. The Committee is expected to continue work in the new year.

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 respectively of their prescribed liabilities.

Required reserves for banks and non-banks increased by an average of 4.8 per cent and 0.7 per cent respectively over the period. In addition to the statutory cash reserves, the commercial banks continued to hold a remunerated secondary reserve of 2 per cent of their prescribed liabilities. A fixed rate of 0.25 per cent was paid on these holdings.

As net fiscal injections trended downwards the Bank used the opportunity to allow a \$1.5 billion fixed deposit held by commercial banks to mature during the financial year. Interest paid to the commercial banks on the matured fixed deposit during the financial year totaled \$11.25 million.

REGIONAL ARRANGEMENTS

Bank of Guyana Consolidated Debt

The principal outstanding as at September 30, 2017 owed by the Bank of Guyana is US\$15.6 million. The debt is a consolidation of sums owed to the Central Bank of Trinidad and Tobago and the Government of Trinidad and Tobago.

Banco Latinamericano De Exportaciones S.A. (BLADEX)

The Central Bank holds a total of 160,626.5 Class A shares in BLADEX. During the financial year, dividends totaling US\$247,364.8 were received.

Government Securities

During FY 2016/17, the Central Bank continued to execute its mandate of managing TT-dollar liquidity in the banking system. In this regard, the Bank intervened regularly in the money market through open market operations (OMO). During the financial year, ninety-nine (99) auctions of short-term securities were arranged, with an aggregate face value of \$30,624.4 million issued. Over the same period \$27,423.0 million matured.

The Bank also, on the request of the Ministry of Finance, arranged the issue of two (2) Central Government bonds for the purpose of financing the fiscal budget. These bonds, each with a face value of \$1,000.0 million, were arranged and auctioned in December 2016 and February 2017. On both occasions, these bonds were over-subscribed and issued at par.

Foreign Exchange Market

The domestic foreign exchange market experienced tight liquidity conditions during the financial year 2016/17 as foreign currency inflows continued to decline. Purchases of foreign exchange from the public by authorised dealers fell by 18.7 per cent from the previous year. Energy sector conversions, which account for the majority of inflows to the market, declined by 25 per cent. As a result of the lower inflows, sales of foreign currency to the public declined by 12.0 per cent.

The Central Bank maintained its support to the domestic foreign exchange market, selling US\$2,031 million to authorised dealers, compared with US\$2,014 million in the previous financial year. The TTD/USD exchange rate depreciated marginally by 0.6 per cent to \$6.7803/US\$1.00 as at September 2017 from \$6.7421/ US\$1.00 in September 2016.

In accordance with the Bank's Strategic Plan 2016/17 to 2020/21, a revised US dollar cash facility and a foreign exchange liquidity guarantee accessible by all authorised dealers were implemented. The Bank intends to assess the efficacy of the amended facility and will continue to evaluate the overall framework for the management of the domestic foreign exchange market.

FOREIGN RESERVES MANAGEMENT

Low energy prices continued to affect the value of net official reserves which declined to US\$8.5 billion as at September 30, 2017 from US\$10 billion a year earlier (Chart VII). Receipts from the energy sector totaled US\$523.2 million during the financial year, down from US\$735.3 million a year earlier. Other inflows to the reserve portfolio included US\$252.5 million from the Heritage and Stabilisation Fund and loan proceeds of approximately US\$300.0 million from the Corporación Andina de Formento (CAF). Foreign currency sales to the domestic market continued to be a major outflow from the portfolio.

The Bank continued to manage the reserve portfolio in accordance with the objectives of capital preservation, liquidity and achieving an acceptable rate of return within the approved risk framework. The portfolio earned 0.83 per cent during FY 2016/17 compared with a return of 0.64 per cent in the previous year. The improvement in the portfolio's performance was primarily due to higher coupon and deposit rates.

In an effort to enhance the management of the official foreign currency reserves, the Central Bank, guided by the World Bank Treasury, utilised a rigorous tender process for the selection of a Portfolio Management System (PMS). This system is expected to improve operational efficiency and assist with the management of financial risks. The implementation phase is scheduled to commence towards the middle of FY 2017/18.



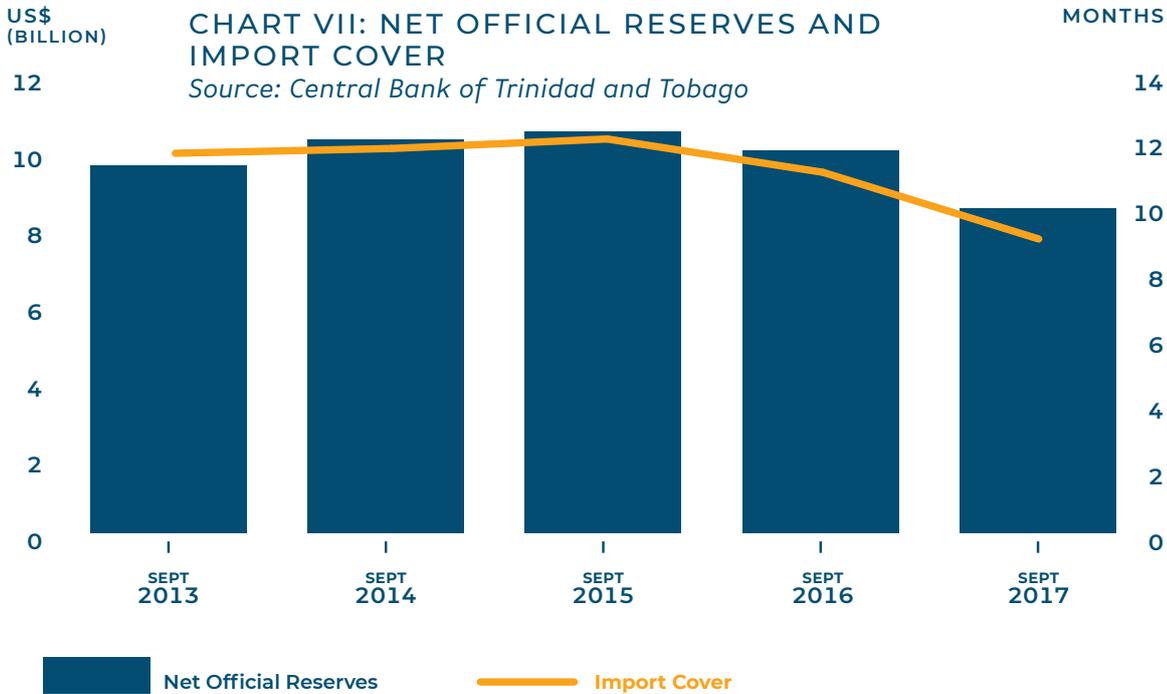
**NET OFFICIAL
RESERVES AT
US\$8.5
BILLION**



**9.8 MONTHS
OF IMPORT COVER**



**0.83%
RETURN ON
INVESTMENT**



FINANCIAL STABILITY

Despite the challenging macroeconomic situation, the financial sector continued to perform well with strong profitability, relatively high capital buffers and adequate liquidity and contributed approximately 7.8 per cent of GDP in 2017². Credit risk remains elevated as the challenging economic environment is likely to adversely impact borrowers' ability to fund their debt obligations, the value of their collateral, and banks' loan portfolios. The asset base³ of the financial system showed little growth, ending the period at just over \$300 billion. The sectors supervised by the Central Bank, namely banking, insurance and pensions accounted for

78 per cent of financial system assets (Chart VIII). Seven institutions collectively account for about 50 per cent of financial system assets (four banks, two large insurers and the Unit Trust Corporation).

Over the last year, the Central Bank advanced key strategic projects aimed at enhancing resilience and fostering sound governance and risk management practices. In this regard, the Central Bank took steps to enhance the effectiveness of risk based supervision and deepened collaboration with supervisory and other agencies. Furthermore, major strides were made to progress the CLICO resolution.

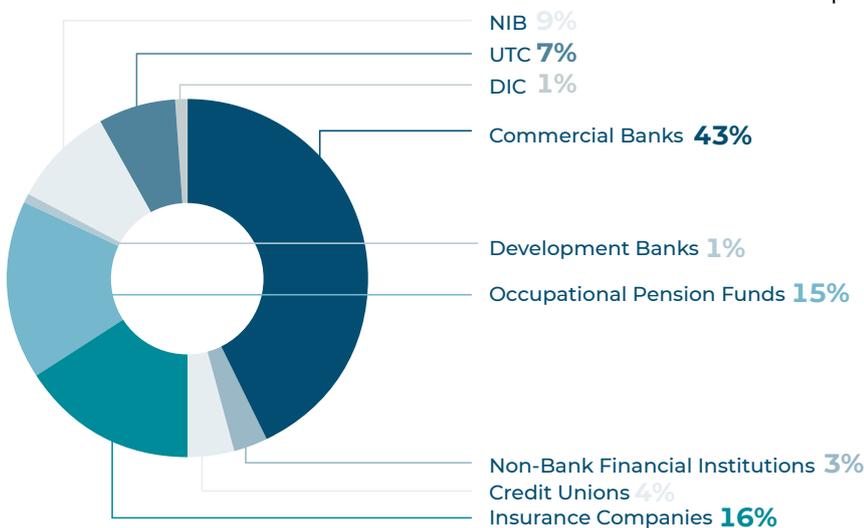


CHART VIII: FINANCIAL SECTOR ASSETS AS AT SEPTEMBER 2017
Source: Central Bank of Trinidad and Tobago

2. Ministry of Finance: Review of the Economy, 2017.

3. Includes CLICO and British American but excludes Central Bank assets.

ENHANCING RESILIENCE AND IMPROVING THE EFFECTIVENESS OF RISK-BASED SUPERVISION

BASEL II/III Implementation

The Central Bank's strategic project to implement revised minimum capital requirements, based on the international Basel II/III standards, is geared toward improving capital management and risk governance in the banking sector. A second Quantitative Impact Study (QIS 2) completed in July 2017 showed that all licensees were able to meet the proposed minimum capital adequacy ratio (CAR) of 10 per cent, the minimum Tier 1 ratio of 7 per cent and the minimum Common Equity Tier 1 (CET1) ratio of 4.5 per cent. The project is on track for roll out of the standardized formula by June 2018.

Review of Credit Risk Management Practices in the Banking Sector

The Central Bank has continued to keep a close watch on credit risk. A thematic review of governance and credit risk management practices in the banking industry revealed that overall, practices are sound. In recent times, consequent on the increase in credit risk, banks have tightened lending standards, are watch-listing high risk customers and sectors, added resources, deployed technology to improve delinquency management and employed earlier work-out solutions such as refinancing, debt consolidation and rescheduling. The Central

Bank has observed that several banks have improved the reporting of credit issues to their Boards of Directors, and have been more aggressive in recovery efforts.

Consolidated Supervision

With the increasing conglomeration of the regional financial industry, the Central Bank has intensified its focus on its assessments of group risks, related party exposures, parent company leverage and assessing the potential for contagion. The Bank has placed particular emphasis on financial connections among systemically important institutions. The Central Bank of Trinidad and Tobago and the Central Bank of Barbados collaborated to develop a reporting framework for regional financial groups, which is designed to obtain ongoing relevant information on the financial performance and key risks of significant subsidiaries in such groups.

Monitoring the Growing Impact of Cyber Risks

In light of continued phishing and skimming attacks which have led to compromising of payment cards and other fraud, the Central Bank monitored and engaged financial institutions to ascertain the actions being taken to improve the security of their systems. Institutions have commenced upgrading of ATMs and systems and have expedited the use of the EMV⁴ chip and pin technology for payment cards.

RISK-BASED SUPERVISION

ENHANCING RESILIENCE AND IMPROVING RISK-BASED SUPERVISION



Implement
Basel II/III



Credit Risk
Review



Consolidated
Supervision



Monitoring
Cyber Risks

4. EMV[®] is a global standard for credit and debit payment cards based on chip card technology taking its name from the card schemes Europay, MasterCard, and Visa - the original card schemes that developed it.

DEEPENING COLLABORATION WITH SUPERVISORY AND OTHER AGENCIES

Supervisory Collaboration and Sharing of Information

The Central Bank advanced supervisory collaboration with other regulatory authorities, which is essential for effective consolidated supervision of domestic and cross-border financial groups. The Bank:

- Hosted and participated in several regional teleconferences and supervisory colleges for systemically important financial groups, sharing financial and prudential information on the performance and risks of the financial entities.
- Signed a bilateral Memorandum of Understanding with the Financial Services Authority in St. Vincent in July 2017 to facilitate supervisory cooperation and information sharing on regional financial groups.
- Assumed chairmanship of the Caribbean Group of Banking Supervisors (CGBS) for a two-year term commencing July 2017. One of its first duties as Chair was coordinating the Group's response to the Caricom Governors' De-Risking Action Plan.

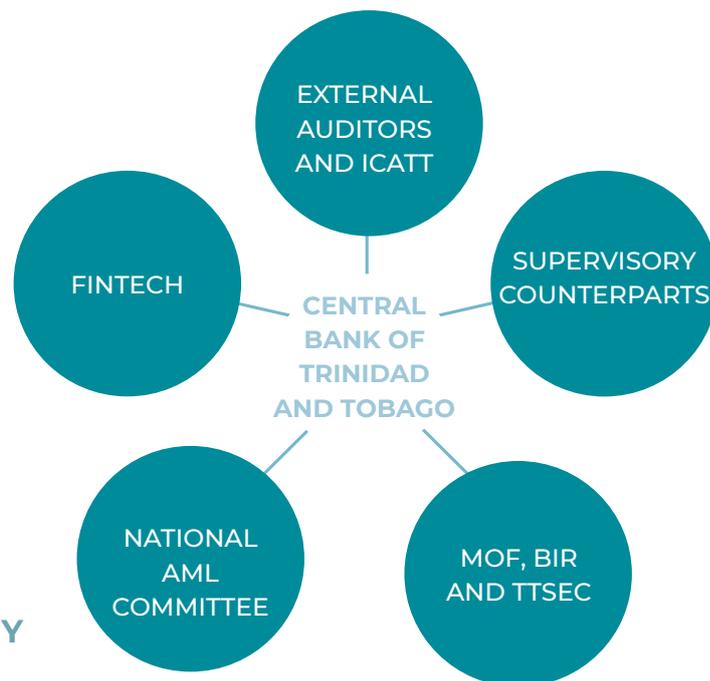
National Anti-Money Laundering Committee (NAMLC)

The Central Bank continued to contribute to the work of the NAMLC by issuing a revised

draft Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Guideline to its regulated financial institutions in July 2017 for review and comment. The revised Guideline seeks to provide more detailed general and sector specific guidance to financial institutions on implementing a risk-based approach to AML/CFT, including applicable customer due diligence requirements. In addition, the Bank worked closely with the NAMLC to propose amendments to the Proceeds of Crime Act and Regulations Chapter 11:27. Work was also done with the NAMLC on the Miscellaneous Provisions (Mutual Assistance in Criminal Matters, Financial Intelligence Unit of Trinidad and Tobago, Customs and the Exchange Control Act) Act, 2016 and the Companies (Amendment) Bill, 2016 both of which were laid in Parliament.

External Auditors and the Institute of Chartered Accountants of Trinidad and Tobago (ICATT)

The Central Bank places reliance on the work of external auditors in its assessment of financial condition of licensees. In an effort to leverage the work of the external auditors, the Central Bank developed and issued a draft Code of Practice outlining protocols for engaging with external auditors of financial institutions. The Code was adapted from the Basel Committee on Banking Supervision's Guidance on External Audits published in 2014.



DEEPENING SUPERVISORY COLLABORATION

Ministry of Finance, the Board of Inland Revenue and the Trinidad and Tobago Securities and Exchange Commission

As required by the Tax Information Exchange Agreement (United States of America) Act 2017 (TIEAA), the Central Bank prepared a Guideline on the implementation of the TIEAA in collaboration with the Board of Inland Revenue and the Trinidad and Tobago Securities and Exchange Commission. The Guideline was submitted to the Minister of Finance for approval and was laid in Parliament on September 15, 2017.

FinTech

The Central Bank also continued to engage and collaborate with regional regulators through its representation on the Caribbean FinTech Working Group established by the CARICOM Governors to advance regional payments and to recommend alternative and innovative payment solutions to treat with the 'de-risking'⁵ issue.

STRENGTHENING TECHNICAL AND ANALYTICAL CAPACITY IN SUPERVISION AND RESOLUTION

During 2016/17, the Bank sought technical assistance from the IMF's Caribbean Regional Technical Assistance Centre (CARTAC) and trained supervisors in a number of key areas including crisis resolution, Basel II/III, stress testing and consolidated supervision. The Bank also engaged CARTAC to review the credit union sector's degree of systemic risk to the country's financial stability, review progress in modernizing the legislative framework, and make appropriate recommendations for consideration to strengthen the prudential regulation of credit unions.

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

The Resolution Plan for CLICO and BAT was shared with the public on March 27, 2015, and involved phased payments to CLICO's policyholders and creditors from the monetization of CLICO's assets. In July 2016, special directions were

issued to facilitate an earlier settlement of liabilities to unconnected "third party" Short-Term Investment Product (STIP) holders and mutual fund holders including the Government, as assignee of the rights of mutual fund holders and STIP holders.

Pursuant to these directions, on July 13, 2016, Government received two further payments totalling \$2.6 billion which represented settlement of its Statutory Fund liabilities, as assignee of rights of Statutory Fund policyholders who accepted Government's 2011 bailout offer. In addition, all non-assenting third party resident and non-resident STIP holders and holders of mutual fund contracts were invited to apply for full payment of their policies; payments to this group commenced on July 25, 2016. In addition, Government received 2 further payments in October 2016 and July 2017 totalling an additional \$1.1 billion.

In May 2017, CLICO and the Government agreed the transfer of CLICO's 100% shareholding in Occidental Investments Limited (OIL) and Oceanic Properties Limited (OPL) to the State Enterprise, Golden Grove - Buccoo Limited on the basis of an independent valuation and thereby appropriately reducing CLICO's liabilities to Government.

PAYMENT SYSTEMS OVERSIGHT Principles for Financial Market Infrastructures (PFMI) Assessments

The Central Bank completed oversight assessments of the Real Time Gross Settlement System (RTGS), the Automated Clearing House (ACH), the cheque clearing system and the Automated Teller Machine (ATM)/ Point of Sale (POS) systems for debit cards, using the CPSS-IOSCO Principles for Financial Market Infrastructures (PFMI). The initial baseline assessments were presented and discussed with each of the operators. The information received would be used to finalize reports for each system. A consolidated report on all systems would be published in 2018.

5. De-risking refers to the phenomenon of financial institutions terminating or restricting Correspondent Banking Relationships (CBRs) with clients or categories of clients to avoid, rather than manage, risk in line with the U.S. FATF's (Financial Action Task Force) guidelines.

Developments in Payments Systems

During 2017, there was a noted increase in the number of expressions of interest by entities wishing to be part of the payments space. Twelve expressions of interest were received by the Central Bank by persons wishing to offer e-money, virtual currencies and other payment services. A number of new products / services were also approved during the period. Additionally, the Central Bank issued a Public Notice on the 29th & 30th September 2017 advising the public on the guidelines related to Payment Service Providers to ensure that persons wishing to offer these services approach the Central Bank for registration.

The Central Bank has been receiving requests from market participants wishing to engage in virtual currencies and other e-payments. Given the emergence of these fintechs and cryptocurrencies on the financial landscape, the Central Bank has developed a discussion draft Virtual Currency paper to inform a way forward for the treatment of cryptocurrencies. This Policy is currently under internal review.

Money Remittance Policy

The Central Bank also developed a first draft of a Money Remitters Policy, which proposes a regulatory framework for money remitters that treats with AML/CFT risks, payment and settlement risks and consumer protection issues. The draft policy is being finalized for consultation with stakeholders early in the 2017/18 fiscal year.

Payments System Council

The Central Bank chairs and acts as the secretariat to the Payments System Council (PSC)⁶. The PSC continued to execute the work under its five-year strategic plan towards enhancing the transactional efficiency and effectiveness of national payments system. Consequently, attention was paid to developments in e-money, virtual currencies and distributed ledger technology. The PSC also focused on developing a communication strategy to raise public awareness on payment systems issues and promote the adoption of modern electronic payment options.

ADVANCING THE LEGISLATION FOR SUPERVISION Insurance Bill, 2016

The Central Bank continued to champion the passage of the Insurance Bill. A Joint Select Committee of Parliament (JSC) was established in February 2017 to consider and report on the Insurance Bill, 2016. A team from the Central Bank appeared before the JSC who elicited the team's views on positions taken by various stakeholders. The JSC's Report was subsequently laid in Parliament in August 2017 and contains a consolidated version of the Insurance Bill, 2016 with recommended amendments.

Credit Unions

In August 2017, the Central Bank with the assistance of CARTAC engaged in an exercise to assess the implications of the Credit Union sector on financial stability; the current legislative framework and applicable policy.

AREAS OF CONCERN REGARDING DIGITAL CURRENCIES:



PAYMENT SYSTEM



CONSUMER PROTECTION



AML / CFT



MONETARY POLICY / FINANCIAL STABILITY



CYBER SECURITY

6. More information on the PSC is available at <https://www.central-bank.org.tt/psc/index.html>.

INTERNAL OPERATIONS

GOVERNANCE AND THE CONTROL ENVIRONMENT

The Bank continued to ensure a systematic and comprehensive approach to risk management by establishing an Enterprise Risk Management (ERM) framework and improving operational efficiencies and reporting in the Bank as a whole. The fourth Bank-wide Risk and the annual Security assessment were completed. A monthly Compliance Report for Senior Management was introduced which shares the Bank's compliance status and indicates the actions to be taken to meet upcoming compliance obligations. The collation and review of the Bank's policies was also completed, and allowed the formulation of a Policy Governance Framework which provides guidance on how the Bank's policies are to be formulated, approved and reviewed. The Bank's Anti-Fraud Framework was documented and the policies related to fraud were collated. In the area of Business Continuity, the second financial sector business continuity assessment was completed by the commercial banks, the Trinidad and Tobago Security and Exchange Commission and the Ministry of Finance. The results showed that the sector's business continuity arrangements are in place.

In support of enhancing internal control efforts, the Internal Audit Department provided comprehensive assurance over the control frameworks that manage key risks to ensure that a robust control environment exists at the Bank. Thus, thematic audits were undertaken in the areas of Human Resources & Industrial Relations, Information Technology, Finance & Accounting, Procurement and Corporate Social Responsibility.

The Security Department completed phase two of the Integrated Security Management System (ISMS), the upgrade of the Access Control and the CCTV components, thus facilitating an improvement of the Bank's security arrangements and enhancing operational efficiency.

Security of the Bank's critical documents both physical and electronic is very important. In the current environment, cyber security has become

a focal point of international discussion and risk management. The Bank's initiatives in this regard include the review of existing arrangements for access to secure areas such as the Banking Operations Department and strengthening the security of the electronic processing environment. Therefore, in 2017 the Bank adopted the standards outlined in the Society for Worldwide Interbank Financial Telecommunications (SWIFT) in its Customer Security Programme (CSP).

A comprehensive review of the Bank's procurement policies, processes and procedures was carried out and a standing Tenders Committee was established. A review of the Bank's Contract Management Policy and Procedures was completed and a Policy Governance Framework was developed.

HUMAN RESOURCES

As at September 30, 2017, the Bank recorded a manpower figure of 588 staff – 554 permanent and 34 contract staff. This figure represents a 4 per cent decrease in overall manpower over the last period. During the 2016/17 period, the Bank recruited 18 persons (3 permanent and 15 contract) as the focus was on filling only the gaps considered strategic and/or critical.

During the period, 31 employees (5.3 per cent of staff) were promoted, including 2 staff members into the management stream. There were 44 separations. The Bank implemented its 2016/17 Training and Development Plan and staff members were exposed to both technical and non-technical training. Over 50 per cent of staff participated in in-house, local and overseas training, which represented an average of 22.6 training hours per employee.

Following extensive review of local and international experience and best practices, a Whistle-Blowing Policy was implemented on April 1, 2017. The policy is intended to complement existing processes and feedback mechanisms and provide a further channel for enhancing transparency, integrity and good governance in the Central Bank.

The Governor also met with all staff in Governor Outreach sessions where staff shared concerns and suggestions for improvements. The employee suggestion system was reintroduced and expanded to include retirees: 31 suggestions were received.

In the second half of 2016/17, revised managerial objectives for all managers were incorporated into the performance management system (PPMS) to strengthen

management accountability. A focus on risk/health and safety, as well as the management of the budget, contracts and procurement processes were included to ensure that these areas received the level of management attention considered necessary. The PPMS is expected to be further improved by integrating competencies.

HUMAN RESOURCE HIGHLIGHTS



ECONOMIC RESEARCH AND STATISTICAL SERVICES

During FY 2016/17 the Bank continued to provide intelligence on the Trinidad and Tobago economy as the country adjusted to its changed economic circumstances. Information on economic developments and explanations of monetary and financial policies were disseminated through the Bank's Annual Economic Survey, Economic Bulletin, and the Monetary Policy and Financial Stability Reports. In addition, the Bank's website through the data centre, continued to be a reliable source of statistics to students, analysts and policy makers on the numerous economic variables. Work on expanding the range of indicators on the website continues in the areas of private pension funds and payment system statistics.

One of the key achievements has been the migration of the financial account of the Balance of Payments to the Sixth Edition of the IMF's Balance of Payments (BOP) and International Investment Position (IIP) Manual (BPM6) and the compilation of the IIP Statistics. These developments were undertaken with the assistance of the Caribbean Regional Technical Assistance Center (CARTAC) of the International Monetary Fund (IMF).

Given its responsibility for one of the main levers of macroeconomic management – monetary policy – the Bank was involved in several meetings with local and international agencies, and provided key support for the country's engagement with the IMF and the credit rating agencies. In addition, collaboration continues with the Ministry of Finance on the Commonwealth Debt Recording and Management System (CSDRMS).

During the year the Research Department published working papers covering the areas of financial cycles, financial indicators and aging. However, the centrepiece of the Bank's research activities was the relaunch of the Research Review Seminar in June 2017. The Seminar, which was oriented towards proposing solutions for the country's present economic situation, featured work of the Research Department spanning a number of areas including: monetary and fiscal policy; the interest rate differential and capital outflows; macro prudential frameworks and virtual currencies. As in previous years, staff participated in research seminars hosted by regional institutions. During the year the internal Research Discussion series remained a popular forum for staff to elaborate and explore economic ideas and solutions.

INFORMATION TECHNOLOGY AND KNOWLEDGE MANAGEMENT

In the area of Financial Technology and Information Security, focus this year was on increasing resiliency and efficiency of the Bank's information systems whilst creating headroom for growth to accommodate strategic programmes. This was achieved through several infrastructural upgrades, expansion of network connectivity and the roll out of an Information Security programme.

Core systems were strengthened and fortified, internal controls were tightened and all members of staff were trained in identifying cyber threats. The department led the establishment of Cyber Information Sharing Groups amongst regional central banks and the local banking institutions. Information Security Policies were updated to reflect increasing use of wireless, paperless and mobile technology.

Whilst maintaining system availability at over 99 per cent, key infrastructural components were upgraded to lay the foundation for a modern and stable working environment. Network and communication links were upgraded for improved response times and increased resilience. The Bank's PBX system was upgraded

from an analog to a digital infrastructure which added resiliency, improved operational efficiency and significantly reduced costs.

An electronic, paperless solution for senior management and Board meetings was implemented resulting in improved accessibility for participants and greater efficiency in the dissemination of meeting documents. Inter-departmental collaboration also resulted in an upgraded website.

Knowledge and Information Management focused on the management of the Bank's records and information services, especially the identification and management of its vital records for business continuity and disaster recovery purposes. A review of the information services and resources provided to the Bank was also conducted; this was to ensure relevance to the Bank's objectives.

Existing metrics for assessing and mitigating the risks associated with high priority records, documents and services were reviewed and additional metrics were developed where required. Operational procedures were reviewed and updated to mitigate any type of information risks. Evaluation and analysis continued on the establishment of a comprehensive information management solution.

FINANCIAL TECHNOLOGY AND INFORMATION TECHNOLOGY PERFORMANCE HIGHLIGHTS

Infrastructure Environment

- ▶ Modernization of the Bank's infrastructure
- ▶ Revamped PBX with several cost cutting initiatives
- ▶ Significant investments in the core network
- ▶ Wireless infrastructure upgrades and improvements to support a mobile staff

Information Security

- ▶ Update to Information Security framework and policies
- ▶ Introduction of mandatory information security training
- ▶ Investments in multiple cybersecurity solutions to strengthen the environment

Business Solutions

- ▶ Upgrade to the Bank's website
- ▶ Introduction of a paperless solution to support the Board/ Executive meetings
- ▶ Upgrades to several core business applications

COMMUNITY ENGAGEMENT AND OUTREACH



The Bank made significant strides in deepening its engagement with the public, media, external agencies, staff, retirees and special interest groups. This was done through several initiatives, including the update of the 2016/17 – 2020/21 Strategic Plan which was posted to the Bank's website. A number of organisations benefitted through the Bank's Corporate Social Responsibility (CSR), including the Trinidad and Tobago Chamber of Industry and Commerce (JumpStart Programme), San Fernando Sports Academy, the Just Because Foundation, the Voice of Lupus Foundation, Moms for Literacy, Heroes Foundation, Society for St. Vincent De Paul and Healing with Horses. In addition, the Bank also deepened relationships with other Central Banks – Banco de Moçambique, Eastern Caribbean Central Bank (ECCB) and Central Banke Van Suriname – via short-term attachments and visits during the year.

The Bank continues to work to widen its role in public financial education and financial affairs. Consistent with the calendar of events, the 2016/17 Monetary Policy and Financial Stability Reports were presented to the public through media presentations held at the Bank and via a live stream on the Bank's website.

FINANCIAL SERVICES

Arising out of the strategic merger of the Office of Financial Services Ombudsman (OFSO) with the National Financial Literacy Programme (NFLP) in 2016, the approach to outreach sessions was restructured to include aspects of financial planning and complaints resolution. The NFLP rolled out eighty-three financial literacy sessions to 3,800 persons. Additionally, 900 persons were engaged at four expositions/fairs. To further increase awareness, a radio campaign was conducted in the final quarter of the financial year. A revised Quality Assurance Framework for NFLP was developed along with the operational procedures for implementation in an effort to improve the standard of service being provided to stakeholders.

The OFSO continued to fulfil its mandate of complaints resolution. A new Complaints Management System was developed internally in order to enhance analysis and reporting to stakeholders. This analysis would contribute to the design of financial literacy programmes.

A committee, chaired by the Financial Services Ombudsman, was convened with the aim of developing a national financial education strategy for Trinidad and Tobago. The committee comprises the Bankers Association of Trinidad and Tobago (BATT), Association of Trinidad and Tobago Insurance Companies (ATTIC), the Trinidad and Tobago Insurance Institute (TTII), the Financial Literacy Secretariat of the Tobago House of Assembly (FLS-THA), the Office of the Financial Services Ombudsman (OFSO) and the National Financial Literacy Programme (NFLP).

The OFSO/NFLP was engaged as a stakeholder partner in the Ministry of Labour and Small Enterprise Development's Workforce Development Plan. This Cabinet approved venture focuses on support services to retrenched and unemployed persons.

1/ Governor Dr. Alvin Hilare, Mr. Alister Noel and Deputy Governor Dr. Sandra Sookram (left to right) at the launch of the 2016 Monetary Policy Report



1 |



2 |



3 |

MEMORIAL LECTURES

The Central Bank hosted major lectures that honour the memory and legacy of two of Trinidad and Tobago's distinguished sons: Dr. Eric Williams and Dr. Rudranath Capildeo. Our flagship annual lecture celebrates the life and work of the country's first Prime Minister and his achievements as a ground-breaking historian, national and Caribbean leader. The 31st Lecture in the series was given on September 22, 2017 by Dr. Cary Fraser, Guyana-born scholar and lecturer in history and international relations. The theme of Dr. Fraser's lecture was "Chaguaramas and Caribbean Identity: Exploring the Diplomatic Legacy of Eric Williams."

The fourth edition of the lecture dedicated to the memory of Dr. Capildeo—a brilliant, internationally renowned scientist and the first Opposition Leader of an independent Trinidad and Tobago—was held on July 7, 2017 with son of the soil and Academy Award winner, Dr. Anil Kokaram as feature speaker. Dr. Kokaram, a pioneer in digital video processing used in motion pictures, delivered an illuminating presentation on the topic, "Understanding the Technology of Digital Video and Its Impact on Everyday Life."

1/ Governor Dr. Alvin Hilare, Ms. Amrita Gosine, Mr. Dominic Stoddard, Ms. Sharon Villafana and Mr. Barnaby Dicks (De La Rue) (left to right) at the Know Your Money series 1. Banco de Moçambique Delegation with Governor, Dr. Alvin Hilare (centre) 2/ Dr. Cary Fraser – 31st Dr. Eric Williams Memorial Lecture. 3/ Dr. Anil Kokaram – 4th Annual Rudranath Capildeo Lecture at the launch of the 2016 Financial Stability Report.



MONEY MUSEUM

For FY 2016/17, the Museum staff hosted public visits from 448 persons, consisting of 41 adults and 407 students. The Money Museum held successful outreach programmes at the Divali Nagar 2016 and Emancipation Village 2017. Exhibits included early forms of money, commemorative notes and coins, and notes and coins used in the colonial era. Visitors learned about the history and development of currency in Trinidad and Tobago, as well as the role and functions of the Central Bank. The work on the upgrade of the Museum continued during this period.

TUCO/RHYTHMS ON THE PLAZA

As part of our contribution to cultural development, the Bank hosted its annual calypso mini-concert ("Vintage") to celebrate Calypso History Month in October 2016. This is an annual event hosted in conjunction with the Trinidad Unified Calypsonians Organisation (TUCO). On Carnival Friday 2017, the Bank held "Rhythms on the Plaza," its annual Carnival gift to the wider community, and featured young, upcoming band, Mayaro The Band.

1 | Mrs. Adlene Joseph-Martinez at Museum Outreach, Divali Nagar. 2 | Museum Outreach display. 3 | Young calypsonians at "vintage" concert for TUCO Calypso History Month.



SPORTS AND CULTURAL CLUB

The Central Bank Sports and Cultural Club, (CBSCC) had a successful year for the period 2016/17 including hosting a new event, "Parang Under the Stars" in December 2016. This was followed by the annual All Inclusive in February 2017. The staff Calypso and Ole Mas Competition was held on February 23, 2017. CBSCC supported all the disciplines that fall under its purview, and also introduced 2 new clubs: the Art Club and the Collectors Club.

The CBSCC also supported the Bank's participation in the CariFin Games – a series of sporting events that promotes good health and camaraderie within the financial community. The Bank's team secured top spots in various categories of the Games, including capturing the Governor's challenge for the second year in a row. Our 2017 Ms. CariFin candidate, Mrs. Salina Scott, captured the first place in all the women's track and field events.

DE LA RUE CURRENCY SCHOLARSHIP PROGRAMMEME

2016/17 marked the 13th anniversary of the De La Rue Scholarship, a joint initiative of the Bank with De La Rue of the UK. For the first time since inception, applications were open to candidates from a much wider range of disciplines. Two persons were awarded scholarships for the 2016/17 period – Ms. Tammy Williams and Mr. Clarence Ramai. Currently, 7 of the past scholarship recipients are employed by the Bank.

VACATION INTERNSHIP PROGRAMMEME

The Bank continued to engage in its annual corporate social responsibility initiatives – the Vacation Internship Programme (VIP) and the De La Rue Scholarship. This year the Bank hosted 26 Interns who were exposed to on-the-job training and various programmes to assist with the transition from university to the world of work.





CHARITABLE WORK, HEALTH AND WELLNESS

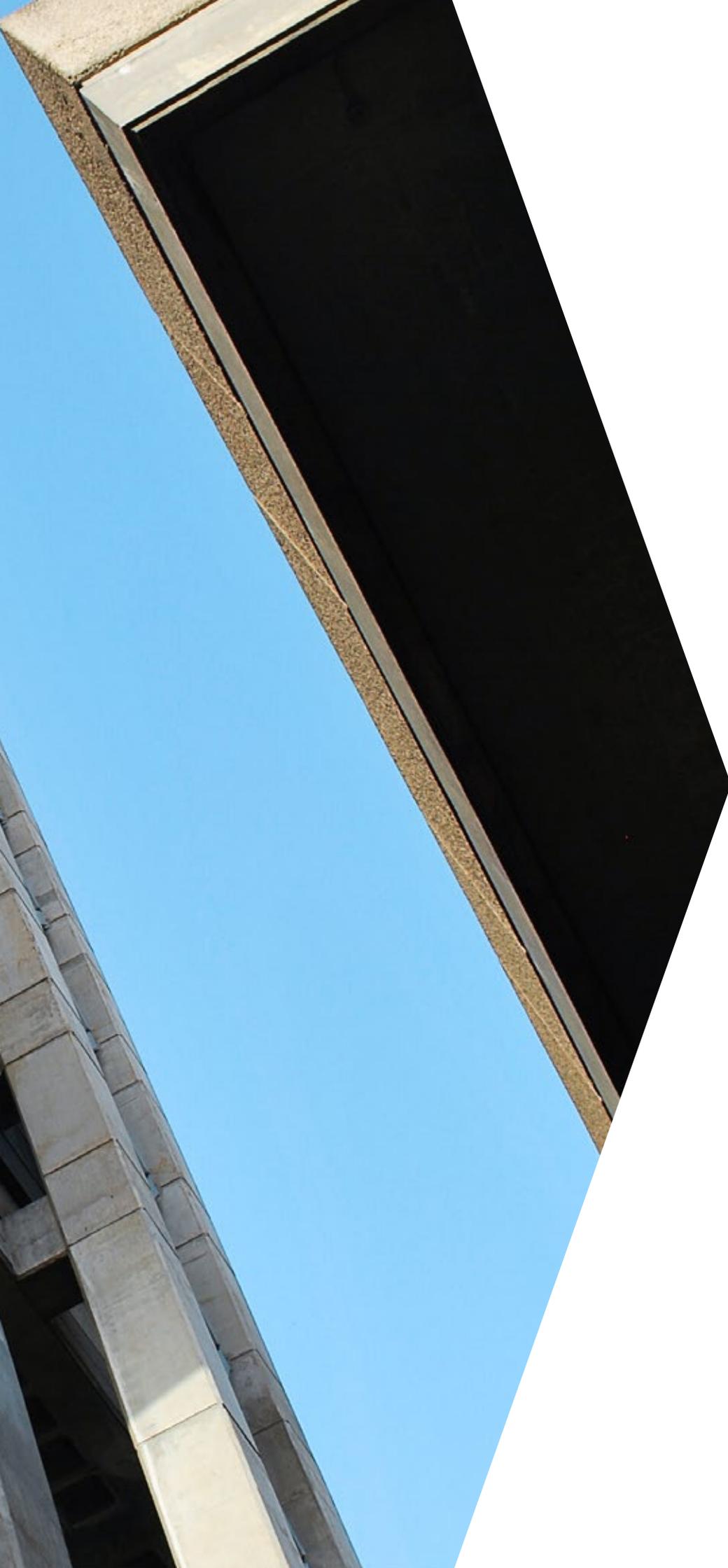
The Bank's Employee Assistance Programme continued to play an important role in our employee wellness/welfare strategy. A Peer Support initiative was launched where staff members who volunteered were trained in basic techniques in supporting colleagues experiencing minor difficulties. Additionally, a Wellness Week was hosted for staff and included a wide range of lectures on critical health issues.

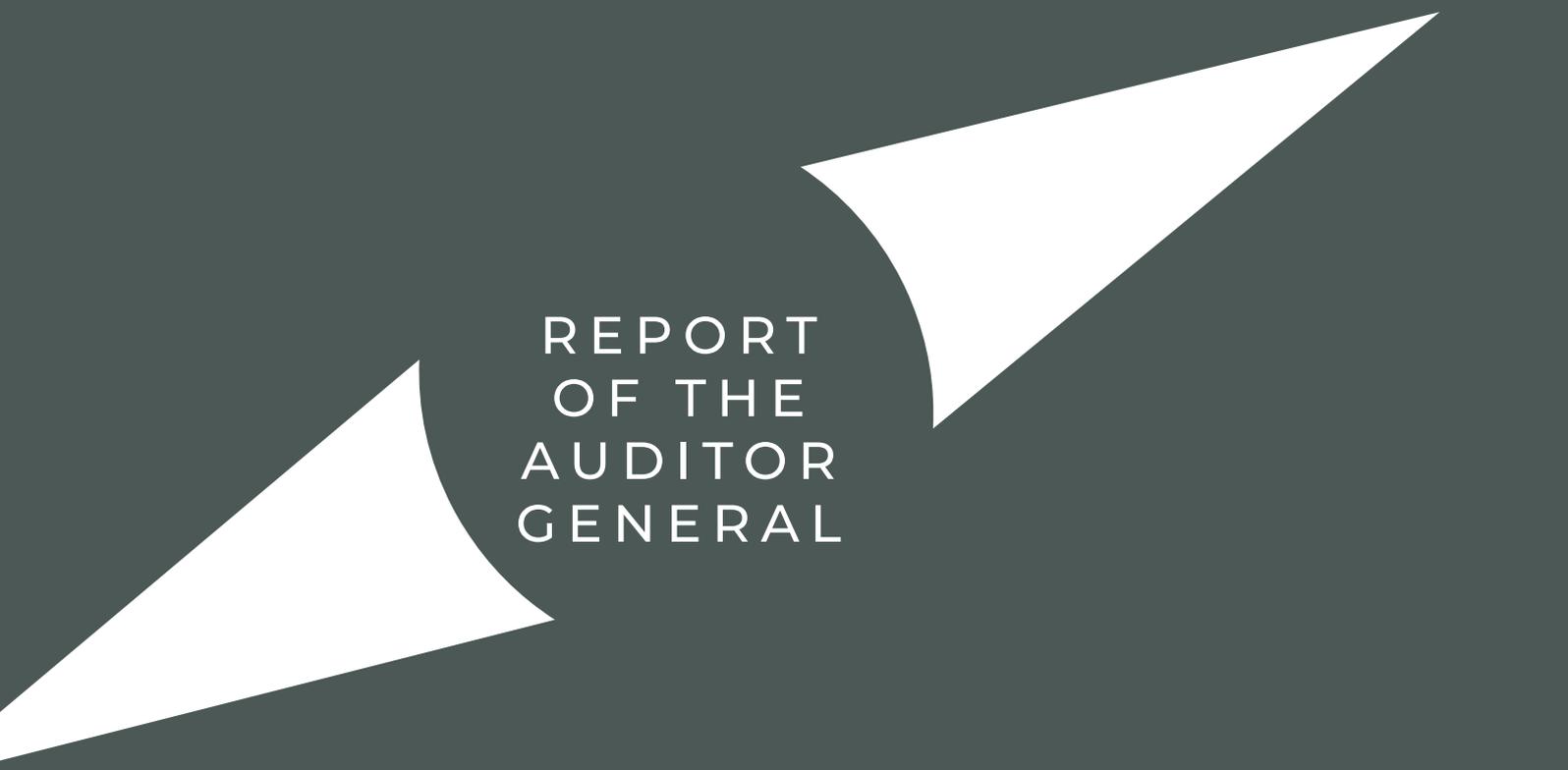
The staff charity programme, We Care, embarked on several initiatives in support of organisations and families. These included an Urgent Needs initiative that provided assistance to 2 children's homes and 1 family and a Back to School Drive that supported 11 primary schools. The children received school bags with supplies which were donated by staff. We Care also led a Bank-wide staff drive to collect coins of all denominations as part of the Bank's elimination of the 1¢ coin. The contributions will go towards a financial donation to testing kits and other supplies for the Diabetes Association of Trinidad and Tobago.





PART 02





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 2017

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 2017

OPINION

The consolidated financial statements of the Central Bank of Trinidad and Tobago (the Bank) for the year ended 30 September 2017 have been audited. The statements as set out on pages 1 to 55 comprise a Consolidated Statement of Financial Position as at 30 September 2017, 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 2017 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 2017 and the related financial performance and its cash flows for the year ended 30 September 2017 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.

REPORT OF THE AUDITOR GENERAL

5. In preparing the consolidated 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 consolidated 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 March 24, 2017 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 May 16, 2017 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 or users taken on the basis of these consolidated 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.

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.

19th DECEMBER, 2017
PORT OF SPAIN



MAe
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AUDITOR GENERAL



FINANCIAL
STATEMENTS
2016-2017

CENTRAL BANK OF TRINIDAD AND TOBAGO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

| ASSETS | Notes | Sep-17 \$'000 | Restated Sep-16 \$'000 | Restated Sep-15 \$'000 |
|---|-------|-------------------|------------------------------|------------------------------|
| Foreign currency assets | | | | |
| Foreign currency cash and cash equivalents | 4 | 29,338,210 | 38,740,864 | 36,998,052 |
| Foreign currency investment securities | 5,7 | 25,746,397 | 25,923,905 | 26,374,730 |
| Foreign receivables | 9 | 5,079,386 | 4,271,434 | 3,759,555 |
| Subscriptions to international financial institutions | 10 | 5,299,633 | 5,294,542 | 3,837,933 |
| International Monetary Fund - Holdings of Special Drawing Rights | | 2,267,737 | 2,268,011 | 2,461,370 |
| | | 67,731,363 | 76,498,756 | 73,431,640 |
| Local currency assets | | | | |
| Local currency cash and cash equivalents | 4 | 1,049,182 | 1,666,802 | 1,709,615 |
| Local currency investment securities | 5,6,7 | 220,540 | 223,991 | 4,489,648 |
| Retirement benefit asset | 8 | 106,961 | 121,548 | 179,540 |
| Accounts receivable and prepaid expenses | 9 | 2,208,147 | 2,235,540 | 2,175,869 |
| Other assets | 11 | 174,558 | 180,936 | 227,979 |
| Property, plant and equipment | 12 | 176,154 | 194,221 | 217,328 |
| | | 3,935,542 | 4,623,038 | 8,999,979 |
| TOTAL ASSETS | | 71,666,905 | 81,121,794 | 82,431,619 |
| LIABILITIES | | | | |
| Foreign currency liabilities | | | | |
| Demand liabilities - foreign | 13 | 789,699 | 603,878 | 433,325 |
| International Monetary Fund - Allocation of Special Drawing Rights | | 3,006,741 | 3,006,769 | 2,866,201 |
| Accounts payable | 14 | 5,307,295 | 4,778,682 | 3,894,425 |
| | | 9,103,735 | 8,389,329 | 7,193,951 |
| Local currency liabilities | | | | |
| Demand liabilities - local | 13,28 | 26,489,350 | 33,374,830 | 30,301,751 |
| Accounts payable | 14 | 27,425,237 | 31,170,432 | 40,292,357 |
| Provision for transfer of surplus to government | | 1,046,636 | 714,026 | 809,011 |
| Provisions | 15,28 | 6,001,676 | 5,872,606 | 2,233,378 |
| | | 60,962,899 | 71,131,894 | 73,636,497 |
| CAPITAL AND RESERVES | | | | |
| Capital | 23 | 800,000 | 800,000 | 800,000 |
| General reserve | | 800,000 | 800,000 | 800,000 |
| Retained earnings | | 271 | 571 | 1,171 |
| | | 1,600,271 | 1,600,571 | 1,601,171 |
| TOTAL LIABILITIES, CAPITAL AND RESERVES | | 71,666,905 | 81,121,794 | 82,431,619 |


Governor




Deputy Governor

CENTRAL BANK OF TRINIDAD AND TOBAGO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

| | Notes | Sep-17 \$'000 | Restated Sep-16 \$'000 |
|---|--------|------------------|------------------------------|
| Income from foreign currency assets | | | |
| Investment income | 16, 28 | 731,174 | 562,251 |
| Investment expense | | (27,492) | (26,363) |
| | | 703,682 | 535,888 |
| Loss from currency translations | | (101,518) | (36,409) |
| Net loss realised on disposal and amortisation of investments | 16 | (138,986) | (312,013) |
| | | 463,178 | 187,466 |
| Income from local currency assets | | | |
| Interest income | 17 | 1,003,997 | 971,209 |
| Rental income | | 2,192 | 2,302 |
| Other income | 17, 28 | 63,932 | 63,391 |
| | | 1,070,121 | 1,036,902 |
| Decrease in provisions | | 6,789 | 57,383 |
| Total income | | 1,540,088 | 1,281,751 |
| Operating expenses | | | |
| Printing of notes and minting of coins | 18 | 52,305 | 81,454 |
| Salaries and related expenses | 19 | 253,316 | 288,911 |
| Interest paid | | 78,303 | 76,519 |
| Directors' fees | | 1,168 | 1,128 |
| Depreciation | | 28,417 | 34,286 |
| Other operating expenses | 20 | 80,243 | 86,027 |
| Total operating expenses | | 493,752 | 568,325 |
| Net surplus for the period | | 1,046,336 | 713,426 |
| Total comprehensive income for the period | | 1,046,336 | 713,426 |

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

For the year ended 30 September 2017

(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 2015 | 800,000 | 800,000 | 1,171 | 1,601,171 |
| Net surplus for the period | - | - | 713,426 | 713,426 |
| Transfer of surplus to Consolidated Fund | - | - | (714,026) | (714,026) |
| Balance as at 30th September 2016 | 800,000 | 800,000 | 571 | 1,600,571 |
| 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 |

CENTRAL BANK OF TRINIDAD AND TOBAGO CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

| | Notes | Sep-17 \$'000 | Restated Sep-16 \$'000 | Restated Sep-15 \$'000 |
|---|----------|---------------------|------------------------------|------------------------------|
| Cash flows from operating activities | | | | |
| Net surplus for the year before taxation | | 1,046,336 | 713,426 | 699,732 |
| Adjustments for: | | | | |
| Depreciation | | 28,417 | 34,286 | 35,317 |
| Net loss on disposal of fixed assets | | 98 | (277) | (622) |
| Interest income | | (1,719,513) | (1,531,879) | (1,327,156) |
| Interest expense | | 78,303 | 76,519 | 80,007 |
| Dividend income | | (1,667) | (1,581) | (1,534) |
| Provisions | | (6,789) | (57,383) | (159,251) |
| Revaluation of Artwork | | (816) | - | - |
| Cash outflow before changes in operating assets and liabilities | | (575,631) | (766,889) | (673,507) |
| Changes in operating assets and liabilities | | | | |
| (Increase)/decrease in accounts receivable & prepaid expenses | | (761,320) | (554,794) | 2,202,018 |
| (Increase)/decrease in other assets | | (6,016) | 34,890 | 21,987 |
| Decrease in pension asset | | 14,587 | 57,992 | 96,709 |
| (Decrease)/increase in accounts payable and other liabilities | | (9,920,068) | (4,985,001) | 4,907,966 |
| Net cash flow (used in)/from operations | | (11,248,448) | (6,213,802) | 6,555,173 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | | (9,652) | (12,019) | (32,700) |
| Proceeds from sale of property, plant and equipment | | 20 | 1,117 | 848 |
| Net proceeds from sale/(purchase of) investments | | 428,347 | 5,356,624 | (5,035,655) |
| Net repayment/(issue) of loans and advances | | 35,968 | (12,108) | 95,143 |
| Interest received | | 1,700,274 | 1,514,763 | 1,391,435 |
| Dividends received | | 1,667 | 1,581 | 1,534 |
| Interest paid | | (81,923) | (85,800) | (90,771) |
| Net decrease/(increase) in International Monetary Fund Holding of Special Drawing Rights and Allocation account | | 246 | 333,927 | (32,352) |
| Payment to Consolidated Fund | | (714,026) | (809,013) | (177,364) |
| Net cash flow from/(used in) investing activities | | 1,360,921 | 6,289,072 | (3,879,882) |
| Cash flows from financing activities | | | | |
| Lease payment | | 12,394 | 12,152 | 11,913 |
| Net cash flow from financing activities | | 12,394 | 12,152 | 11,913 |
| Net (decrease)/ increase in cash and cash equivalents | | (9,875,133) | 87,422 | 2,687,204 |
| Foreign currency differences in monetary assets & liabilities | | (145,141) | 1,612,577 | 312,849 |
| Cash and cash equivalents, beginning of period | 4 | 40,407,666 | 38,707,667 | 35,707,614 |
| Cash and cash equivalents, end of period | 4 | 30,387,392 | 40,407,666 | 38,707,667 |

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(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:

- *IAS 21 – The Effect of Changes in Foreign Exchange Rates*, requires that all unrealised gains and losses be accounted for through the Income Statement. The Central Bank Act requires that the profit for the year be transferred to the Consolidated Fund but does not distinguish between

realised and unrealised profits. As such the Bank accounts for all unrealised gains and losses on Changes in Exchange Rates through a Provision for Foreign Currency Exchange Rate Reserves.

- *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*, defines Provisions as liabilities of uncertain timing or amount. The Central Bank Act imposes specific limitations on the scope of the Bank to create reserves and so prepare for certain unforeseen events. The Bank has therefore established Provisions for specific types of transactions and obligations, which would more typically be reflected as various types of reserves under the IFRS. See Note 15.
- *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".
- *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 2017 and have not been early adopted by the Bank. The Bank intends to adopt these standards and interpretations, if applicable, when they become effective.

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

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

IFRS9 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.

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)

- *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 will assess the impact of this Standard.

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

This new standard was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. This standard establishes principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or

the underlying assets has a low value. IFRS 16's approach to lessor accounting will not change substantially, lessors will continue to classify leases as either operating or finance.

This standard will replace the following standards and interpretations:

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

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.

- *IAS 7 – Statement of Cash Flows (amendment effective January 1 2017)*

This amendment intends to improve information provided to the users of the financial statements regarding the entity's financing activities. To achieve this objective, the entity will be required to disclose changes in liabilities arising from the following financing activities:

- Changes from financing cash flows
- The effect of changes in foreign exchange rates
- Changes in fair values
- Other change

To fulfil the new disclosure requirement, the entity must provide reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Furthermore, changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

IAS 7 amendment becomes mandatory for annual periods beginning on or after 1 January 2017. The Bank will assess the impact of this amendment.

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

- *IAS 12 - Income Taxes (amendment effective January 1 2017)*

This amendment was issued on 19 January 2016 and it serves to clarify the following aspects with regards to Recognition of Deferred Tax Assets for Unrealized Losses:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary difference
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

This amendment is not applicable to the Bank (refer to note 2q).

- *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.

c. Consolidation

The Consolidated Financial Statements comprise the financial statements of the Bank and its subsidiary for the year ended 30 September 2017. The financial statements of the Bank's subsidiary are prepared for the same reporting year as the Bank, using consistent accounting policies. All intra-group balances, transactions, income and expenses are eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Bank. Currently, there are no non-controlling interests as the subsidiary being consolidated is owned 100 per cent by the Bank.

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

2. SIGNIFICANT ACCOUNTING

POLICIES (cont'd)

c. Consolidation (cont'd)

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, CB Services Limited, and the Office of the Financial Services Ombudsman.

In all but the Deposit Insurance Corporation and CB Services Limited, 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, with the exception of CB Services Limited, 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 Chinese renminbi) against the Trinidad and Tobago dollar. The TT: SDR rate as at 30 September 2017 was 0.106805.

e. Critical accounting estimates and judgments

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

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

i. Estimated pension and post-employment medical plan

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

ii. Provision for bad and doubtful debts

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

iii. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment

is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

iv. 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. 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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Investment securities (cont'd)

i. Held to maturity (cont'd)

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.

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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i. Impairment of financial assets (cont'd)

i. Financial assets carried at amortised cost (cont'd)

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 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.

I. Employee benefits

i. Pension benefits

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

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

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

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, 2014 and the next valuation would be performed as at 30 September 2017. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

I. Employee benefits (cont'd)

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 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 four years, with the most recent being performed at September 2017. The next valuation is therefore due September 2021.

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 over the period of the lease |
| Leasehold properties | period of the lease |
| Motor vehicles | 4 years |
| Machinery and equipment | 1.5 to 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.

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 per cent (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 23).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

v. Reserves

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

w. Transfer of surplus

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

x. Revenue recognition

i. Interest income and interest expense

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

ii. Dividend income

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

iii. Other income and expenses

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

y. Comparatives

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

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 2017

(Expressed in Trinidad & Tobago Dollars)

4. CASH AND CASH EQUIVALENTS

| | Sep-17 \$'000 | Sep-16 \$'000 |
|---|-------------------|-------------------|
| Currency on hand | 55,288 | 45,171 |
| Balances held with banks | 2,258,219 | 2,226,240 |
| Repurchase agreements | 1,532,271 | 6,710,515 |
| Fixed deposits | 25,546,194 | 30,715,168 |
| Short-term investments | 995,420 | 710,572 |
| | 30,387,392 | 40,407,666 |
| Represented by: | | |
| Foreign currency - cash and cash equivalents | | |
| Currency on hand | 48,618 | 38,307 |
| Balances held with banks | 1,313,497 | 648,296 |
| Repurchase agreements | 1,475,171 | 6,710,515 |
| Fixed deposits | 25,546,194 | 30,715,168 |
| Short-term investments | 954,730 | 628,578 |
| | 29,338,210 | 38,740,864 |
| Local currency - cash and cash equivalents | | |
| Cash on hand | 6,670 | 6,864 |
| Balances held with banks | 944,722 | 1,577,944 |
| Short-term investments | 40,690 | 81,994 |
| Repurchase agreement | 57,100 | - |
| | 1,049,182 | 1,666,802 |
| | 30,387,392 | 40,407,666 |

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 2017

(Expressed in Trinidad & Tobago Dollars)

5. INVESTMENT SECURITIES

| | Sep-17 \$'000 | Sep-16 \$'000 |
|---|-------------------|-------------------|
| Foreign currency investment securities | | |
| Available for sale | 25,662,269 | 25,804,448 |
| Loans and advances | 84,128 | 119,457 |
| | 25,746,397 | 25,923,905 |
| Local currency investment securities | | |
| Available for sale - local securities | 26,127 | 28,588 |
| Loans and advances | 194,413 | 195,403 |
| | 220,540 | 223,991 |
| Total investment securities | 25,966,937 | 26,147,896 |
| Available for sale investments | | |
| <i>Foreign currency</i> | | |
| Amortised cost | 24,915,778 | 24,948,206 |
| (Depreciation)/appreciation in market value | (41,184) | 99,882 |
| Appreciation in foreign currency | 787,675 | 756,360 |
| | 25,662,269 | 25,804,448 |
| <i>Local currency</i> | | |
| Bonds | 21,705 | 24,166 |
| Investments in related enterprises (Note 6) | 4,422 | 4,422 |
| | 26,127 | 28,588 |
| Total available for sale investments | 25,688,396 | 25,833,036 |
| Loans and advances | | |
| <i>Foreign currency</i> | | |
| Cost | 84,128 | 119,457 |
| | 84,128 | 119,457 |
| <i>Local currency</i> | | |
| Loans and advances | 194,748 | 195,445 |
| Provision for doubtful debts | (335) | (42) |
| | 194,413 | 195,403 |
| Total loans and advances | 278,541 | 314,860 |
| Total investment securities | 25,966,937 | 26,147,896 |

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(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-17 \$'000 | Sep-16 \$'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 |
| | 4,422 | 4,422 |

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 2017

(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 2017

| FINANCIAL ASSETS | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|-------------------|----------------|-------------------|
| | \$'000 | \$'000 | \$'000 | \$'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 |

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(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 2016

| FINANCIAL ASSETS | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|--|-------------------|-------------------|-------------------|-------------------|
| Asset-backed Securities: | | | | |
| Auto Loan Receivable | | 1,455,888 | | 1,455,888 |
| Credit Card Receivable | | 1,538,747 | | 1,538,747 |
| Other Asset-backed Securities | | 440,599 | | 440,599 |
| Corporate Bonds | | 3,840,605 | | 3,840,605 |
| Mortgage-backed Securities: | | | | |
| Federal Home Loan Mortgage Corporation (FHLMC) | | 369,887 | | 369,887 |
| Federal National Mortgage Association (FNMA) | | 936,467 | | 936,467 |
| Government National Mortgage Association (GNMA) I | | 15,452 | | 15,452 |
| Government National Mortgage Association (GNMA) 11 | | 78,693 | | 78,693 |
| Collateralized Mortgage backed Securities (CMO) | | 97,748 | | 97,748 |
| Other Mortgages | | | | - |
| Government Issues | | 16,506,313 | | 16,506,313 |
| Gold | 548,215 | | | 548,215 |
| Investments in related enterprises | | | 4,422 | 4,422 |
| Artwork | | 14,269 | | 14,269 |
| Total | 548,215 | 25,294,668 | 4,422 | 25,847,305 |

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 2017

(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 2016 and 30 September 2017.

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 2017

(Expressed in Trinidad & Tobago Dollars)

8. RETIREMENT BENEFIT ASSET

| | Sep-17 \$'000 | Sep-16 \$'000 |
|---|------------------|------------------|
| Consolidated statement of financial position obligations for: | | |
| - Pension plan | 129,330 | 147,903 |
| - Post-retirement medical plan | (22,369) | (26,355) |
| | 106,961 | 121,548 |
| a) Pension plan | | |
| Defined benefit obligation | (705,663) | (680,342) |
| Fair value of assets | 834,993 | 828,245 |
| IAS 19 net defined asset | 129,330 | 147,903 |
| Reconciliation of opening and closing defined benefit assets | | |
| Defined benefit asset at prior year end | 147,903 | 202,256 |
| (Decrease) in pension asset | | |
| Net pension cost | (16,042) | (20,421) |
| Re-measurements of net define benefit asset/liability | (9,274) | (40,853) |
| Bank contribution paid | 6,743 | 6,921 |
| | (18,573) | (54,353) |
| Closing defined benefit asset | 129,330 | 147,903 |
| Amounts recognised in the earnings statement | | |
| Current service cost | (23,912) | (20,382) |
| Net interest on net defined benefit liability/(asset) | 9,233 | 12,509 |
| Past service cost | - | (11,334) |
| Expense allowance | (1,363) | (1,214) |
| Net pension cost | (16,042) | (20,421) |
| Re-measurements of net defined benefit asset/liability | | |
| Experience losses | (9,274) | (40,853) |
| Actuarial assumptions | | |
| Discount rate | 6.00% | 6.00% |
| Expected return on plan assets | n/a | n/a |
| Projected future rate of salary increase | 5.18% | 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 2017

(Expressed in Trinidad & Tobago Dollars)

8. RETIREMENT BENEFIT ASSET (cont'd)

b) Post-employment medical plan

| | Sep-17 \$'000 | Sep-16 \$'000 |
|--|------------------|------------------|
| IAS 19 net defined obligation | <u>(22,369)</u> | <u>(26,355)</u> |
| Reconciliation of opening and closing defined benefit liability | | |
| Defined benefit liability | (26,355) | (22,716) |
| (Decrease)/increase in plan | | |
| Net benefit cost | (3,020) | (2,684) |
| Re-measurements of net define benefit asset/liability | 6,651 | (1,338) |
| Bank contribution paid | 355 | 383 |
| | <u>3,986</u> | <u>(3,639)</u> |
| Closing defined benefit liability | <u>(22,369)</u> | <u>(26,355)</u> |
| Amounts recognised in the earnings statement | | |
| Current service cost | (1,453) | (1,334) |
| Interest on defined benefit obligation | (1,567) | (1,350) |
| Net benefit cost | <u>(3,020)</u> | <u>(2,684)</u> |
| 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 2017

(Expressed in Trinidad & Tobago Dollars)

9. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

| | Sep-17 \$'000 | Sep-16 \$'000 |
|---|------------------|------------------|
| Foreign receivables | | |
| Pending trades - investments sold | 4,951,982 | 4,170,102 |
| Foreign interest receivable | 124,362 | 98,527 |
| Other receivables | 3,042 | 2,805 |
| | 5,079,386 | 4,271,434 |
| Accounts receivable and prepaid expenses | | |
| Interest receivable on domestic investments | 160 | 6,756 |
| Amounts recoverable from CLF/GORTT (Note 25) | 2,197,232 | 2,194,127 |
| Other receivables | 2,122 | 25,033 |
| Prepayments | 8,533 | 8,587 |
| Suspense accounts- pending transfers | (202) | 397 |
| Value added tax | 302 | 640 |
| | 2,208,147 | 2,235,540 |

10. SUBSCRIPTIONS TO INTERNATIONAL FINANCIAL INSTITUTIONS

| | Sep-17 \$'000 | Sep-16 \$'000 |
|---|------------------|------------------|
| Banco Latino Americano De Exportaciones | 31,882 | 30,387 |
| Caribbean Development Bank | 8,194 | 8,194 |
| Caribbean Information and Credit Rating Services Ltd | 1,769 | 1,761 |
| Corporacion Andina de Formento | 726,650 | 723,535 |
| Inter-American Development Bank | 6,694 | 6,694 |
| International Bank for Reconstruction and Development | 118,905 | 118,395 |
| International Development Association | 6,535 | 6,531 |
| International Finance Corporation | 333 | 333 |
| International Monetary Fund | 4,398,671 | 4,398,712 |
| | 5,299,633 | 5,294,542 |

The holdings in Banco Latino Americano De Exportaciones (Bladex) are based on a quoted market price off the New York Stock Exchange of US\$29.44/share as at 30 September 2017.

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

11. OTHER ASSETS

| | Sep-17 \$'000 | Sep-16 \$'000 |
|--------------------------|------------------|------------------|
| Leased asset | 93,988 | 106,382 |
| Stock of notes and coins | 78,599 | 72,716 |
| Consumables | 1,971 | 1,838 |
| | 174,558 | 180,936 |

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-17 \$'000 | Sep-16 \$'000 |
|---|------------------|------------------|
| Gross receivable due | 101,656 | 116,178 |
| Present value of minimum lease payments | (93,988) | (106,382) |
| Total unearned finance income | 7,668 | 9,796 |

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 | 29,045 | 43,567 |
| | 101,656 | 116,178 |
| Less: unearned finance income | (7,668) | (9,796) |
| Net investment in finance leases | 93,988 | 106,382 |

The net investment in finance leases is analysed as follows:

| | Sep-17 \$'000 | Sep-16 \$'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 | 25,539 | 37,933 |
| | 93,988 | 106,382 |

Inventory of notes and coins

| | Sep-17 \$'000 | Sep-16 \$'000 |
|-------|------------------|------------------|
| Notes | 56,432 | 52,038 |
| Coins | 22,167 | 20,678 |
| | 78,599 | 72,716 |

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

11. OTHER ASSETS (cont'd)

Inventory of notes

| | Sep-17 \$'000 | Sep-16 \$'000 |
|------------------------|------------------|------------------|
| Opening balance | 52,038 | 73,734 |
| Cost of notes issued | (37,409) | (34,032) |
| Purchase of notes | 41,803 | 12,336 |
| Closing balance | 56,432 | 52,038 |

Inventory of coins

| | Sep-17 \$'000 | Sep-16 \$'000 |
|------------------------|------------------|------------------|
| Opening balance | 20,678 | 33,785 |
| Cost of coins issued | (13,892) | (34,113) |
| Purchase of coins | 17,896 | 21,006 |
| Provision | (2,515) | - |
| Closing balance | 22,167 | 20,678 |

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. As a result, a provision has been recorded to reflect the net realisable value of these coins.

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Trinidad & Tobago Dollars)

12. PROPERTY, PLANT AND EQUIPMENT

Effective 1 October 2016, the Bank changed the depreciable life of motor vehicles from 3 years to 4 years. This change in the periodic consumption is more consistent with the actual pattern of consumption of future economic benefits embodied in the Bank's motor vehicles. The effect on the current year is a decrease in depreciation expense and an increase in the carrying amount of motor vehicles by \$1.083 million. Over the subsequent financial periods 2018 to 2020, depreciation expense will increase by \$1.083 million while the impact on the carrying value of the Bank's motor vehicles will nullify in July 2020.

| | Land & Building | Leasehold Property | Machinery & Equipment | Computer Equipment | Furniture, Fixture & Fittings, Artwork | Capital work in progress | Total |
|---------------------------|-----------------|--------------------|-----------------------|--------------------|--|--------------------------|-----------|
| As at 30th September 2017 | \$'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 2017

(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 |
|---------------------------|-----------------|--------------------|-----------------------|--------------------|--|--------------------------|-----------|
| As at 30th September 2016 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Net book value | | | | | | | |
| Balance b/fwd 01 Oct 2015 | 126,539 | 10,672 | 20,903 | 15,571 | 29,076 | 14,567 | 217,328 |
| Transfers | 1,082 | - | 1,379 | 1,430 | 582 | (4,473) | - |
| Additions | 557 | - | 3,793 | 3,444 | 2,580 | 1,645 | 12,019 |
| Disposals | - | - | (832) | - | (8) | - | (840) |
| Depreciation for the year | (12,864) | (7) | (10,280) | (7,594) | (3,541) | - | (34,286) |
| Balance c/fwd | 115,314 | 10,665 | 14,963 | 12,851 | 28,689 | 11,739 | 194,221 |
| Represented by: | | | | | | | |
| Cost | 439,161 | 10,923 | 107,944 | 57,343 | 59,610 | 11,739 | 686,720 |
| Accumulated depreciation | (323,847) | (258) | (92,981) | (44,492) | (30,921) | - | (492,499) |
| | 115,314 | 10,665 | 14,963 | 12,851 | 28,689 | 11,739 | 194,221 |

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

13. DEMAND LIABILITIES

| | Sep-17 \$'000 | Restated Sep-16 \$'000 | Restated Sep-15 \$'000 |
|---|-------------------|------------------------------|------------------------------|
| Demand liabilities - foreign | | | |
| Foreign deposits | 5,161 | 6,969 | 3,713 |
| Government special accounts | 784,538 | 596,909 | 429,612 |
| | 789,699 | 603,878 | 433,325 |
| Demand liabilities - local | | | |
| Notes in circulation | 8,660,520 | 8,400,294 | 8,270,823 |
| Coins in circulation | 234,489 | 229,952 | 218,251 |
| Deposits by commercial banks | 16,533,504 | 19,484,281 | 22,758,976 |
| Deposits by non-banking financial institutions | 419,813 | 662,505 | 394,589 |
| Statutory deposits - insurance companies | 8,476 | 16,305 | 42,074 |
| Deposits by government and government agencies | (6,625,833) | (1,127,969) | (5,490,570) |
| Deposits by other current accounts | 3,666,516 | 2,533,665 | 2,019,006 |
| Deposits by regional and international institutions | 659,328 | 243,260 | 210,104 |
| Promissory Notes due to International Monetary Fund | 2,932,537 | 2,932,537 | 1,878,498 |
| | 26,489,350 | 33,374,830 | 30,301,752 |

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 increased by 4.8 percent whilst Commercial banks' required reserves increased marginally by 0.7 percent as at September 2017, as a result of their higher prescribed liabilities. In addition to the statutory cash reserves, the commercial banks continued to hold a secondary reserve of 2 percent of their prescribed liabilities. A fixed rate of 0.25 percent was paid on these holdings.

Due to the anticipated tightening in liquidity conditions in the domestic financial system as a direct result of increased fund-raising activities by the Government, the \$1.5 billion one-year special fixed deposit held by the commercial banks at the Central Bank, which matured on 14 March 2017, was not rolled over.

Interest paid to the commercial banks on the matured fixed deposit during the financial year totaled \$11.25 million (30 September 2016 - \$24 million).

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

14. ACCOUNTS PAYABLE

| | Sep-17 \$'000 | Sep-16 \$'000 |
|--|-------------------|-------------------|
| Accounts payable - Foreign | | |
| Bilateral accounts | 16,702 | 20,515 |
| Pending trades - investments purchased | 5,278,614 | 4,757,787 |
| Other payables | 11,979 | 380 |
| | 5,307,295 | 4,778,682 |
| Accounts payable - Local | | |
| Trade payables and accrued charges | 63,357 | 56,259 |
| Interest payable | 2,944 | 6,564 |
| Unclaimed monies | 17,558 | 17,174 |
| Government special accounts | 112,451 | 111,992 |
| Blocked accounts | 27,204,781 | 30,955,093 |
| Other payables | 24,146 | 23,350 |
| | 27,425,237 | 31,170,432 |

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).

15. 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-17 \$'000 | Restated Sep-16 \$'000 | Restated Sep-15 \$'000 |
|---|------------------|------------------------------|------------------------------|
| Provisions | | | |
| Gold reserve | 334,839 | 347,583 | 238,673 |
| Foreign currency exchange rate reserves | 5,571,277 | 5,306,821 | 1,929,507 |
| Pension reserve | 106,961 | 121,548 | 179,540 |
| Revaluation reserve on investments | (11,401) | 96,654 | (114,342) |
| | 6,001,676 | 5,872,606 | 2,233,378 |

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

16. INCOME FROM FOREIGN CURRENCY ASSETS

| | Sep-17 \$'000 | Restated Sep-16 \$'000 |
|---|--------------------------------|---|
| Investment income | | |
| Interest on United States Dollar balances & securities | 714,565 | 546,646 |
| Interest on Sterling balances & securities | 35 | 1,377 |
| Interest on other foreign balances & securities | 916 | 1,062 |
| Other income (Note 28ii) | 15,658 | 13,166 |
| | 731,174 | 562,251 |
| Investment expenses | (27,492) | (26,363) |
| Loss from currency translations | (101,518) | (36,409) |
| Net loss realised on disposal and amortisation of investment | | |
| Gains realised on disposal of investments | 84,488 | 24,248 |
| Losses realised on disposal of investments | (223,474) | (336,261) |
| | (138,986) | (312,013) |
| Total Income from foreign assets | 463,178 | 187,466 |

Other income for September 2016 has been restated from \$1.5 million to \$13.2 million. This restatement relates to management fees from Heritage Stabilization Fund and remuneration from the International Monetary Fund which were previously presented under Income from local currency assets – Other income. Refer to note 28ii (Prior period restatements - Reclassification of foreign currency income) for further details.

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

17. INCOME FROM LOCAL CURRENCY ASSETS

| | Sep-17 \$'000 | Restated Sep-16 \$'000 |
|--|------------------|------------------------------|
| Interest income | | |
| Loans | 987,848 | 961,839 |
| Other investments | 16,149 | 9,370 |
| | 1,003,997 | 971,209 |
| Other Income | | |
| General earnings | 37 | 71 |
| Fees charged to financial institutions | 62,256 | 61,601 |
| Profit on sale of assets | 20 | 400 |
| Other (Note 28ii) | 1,619 | 1,319 |
| | 63,932 | 63,391 |

18. PRINTING OF NOTES AND MINTING OF COINS

| | Sep-17 \$'000 | Sep-16 \$'000 |
|--|------------------|------------------|
| Cost of new notes issued | 37,409 | 34,032 |
| Cost of new coins issued | 13,880 | 34,109 |
| Other printing and minting expenses | 1,016 | 13,313 |
| Total costs for printing of notes and minting of coins | 52,305 | 81,454 |

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

19. SALARIES AND RELATED EXPENSES

| | Sep-17 \$'000 | Sep-16 \$'000 |
|---|--------------------------|--------------------------|
| Salaries and allowances | 204,622 | 199,119 |
| National insurance | 8,127 | 6,892 |
| Employee benefits- pension and post retirement medical (Note 8) | 14,587 | 57,992 |
| Other staff costs | 25,980 | 24,908 |
| | 253,316 | 288,911 |

20. OTHER OPERATING EXPENSES

| | Sep-17 \$'000 | Sep-16 \$'000 |
|--|--------------------------|--------------------------|
| Other operating expenses include: | | |
| Advertising and public relations | 1,419 | 1,990 |
| CL Financial expenses (Note 25) | 3,165 | 3,180 |
| Computer expenses | 21,279 | 17,376 |
| Conferences and meetings | 2,980 | 4,747 |
| Contribution to other organizations | 2,650 | 5,260 |
| Electricity | 3,783 | 4,216 |
| Insurance | 3,262 | 2,449 |
| Library expenses | 2,948 | 2,658 |
| Loss on disposal of assets | 62 | 123 |
| Maintenance cost | 22,552 | 21,776 |
| Printing and stationery | 3,007 | 3,306 |
| Professional fees | 2,808 | 3,303 |
| Rent | 3,609 | 3,224 |
| Telephone | 4,060 | 4,770 |
| Other Expenses | 2,659 | 7,649 |
| | 80,243 | 86,027 |

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

21. CAPITAL COMMITMENTS

There was a \$1.4 million in outstanding commitments for capital expenditure as at 30 September 2017 (30 September 2016 - \$0.8 million)

22. 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.

23. CAPITAL

| | Sep-17 \$'000 | Sep-16 \$'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

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(Expressed in Trinidad & Tobago Dollars)

24. 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-17 \$'000 | Sep-16 \$'000 |
|---|------------------|------------------|
| Interest income from local currency assets | 987,749 | 963,856 |
| Interest expense | 56,009 | 55,701 |
| Assets | | |
| Local currency investment securities | 21,705 | 24,166 |
| Liabilities | | |
| Demand liabilities - foreign | 784,538 | 596,909 |
| Demand liabilities - local | (5,377,103) | 79,560 |
| Accounts payable | 27,204,781 | 30,955,093 |

b. Related enterprises

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

| | Sep-17 \$'000 | Sep-16 \$'000 |
|--------------------------------------|------------------|------------------|
| Income | | |
| Rental income | 263 | 360 |
| Other income | 39 | 61 |
| | 301 | 420 |
| Expenditure | | |
| Salaries and related expenditure | 990 | 535 |
| | 990 | 535 |
| Ending period balances | | |
| Investments in related enterprises | 4,422 | 4,422 |
| Receivables from related enterprises | - | 17 |
| Payables to related enterprises | 2,418,966 | 1,277,136 |

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

24. 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.

| | Sep-17 \$'000 | Sep-16 \$'000 |
|------------------------------|------------------|------------------|
| Short-term employee benefits | 63,471 | 62,572 |
| Directors' fees | 1,181 | 1,136 |

25. 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:

| | Sep-17 \$'000 | Sep-16 \$'000 |
|------------------------------------|------------------|------------------|
| Assets | | |
| Amounts recoverable from CLF/GORTT | 2,197,232 | 2,194,127 |

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 20.

CENTRAL BANK OF TRINIDAD AND TOBAGO
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26. 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 2017

(Expressed in Trinidad & Tobago Dollars)

27. STATEMENT OF FINANCIAL POSITION – CURRENT/NON-CURRENT DISTINCTION

| 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 | 7,260,000 | 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 |
| | 42,037,596 | 25,693,767 | 67,731,363 |
| 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 |
| | 3,370,241 | 565,301 | 3,935,542 |
| TOTAL ASSETS | 45,407,837 | 26,259,068 | 71,666,905 |

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

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

| | Current \$'000 | Sep-17 Non-Current \$'000 | Total \$'000 |
|---|-------------------|---------------------------------|-------------------|
| LIABILITIES | | | |
| 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 |
| | 6,096,994 | 3,006,741 | 9,103,735 |
| 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 |
| | 27,639,796 | 33,323,103 | 60,962,899 |
| CAPITAL AND RESERVES | | | |
| Capital | - | 800,000 | 800,000 |
| General reserve | - | 800,000 | 800,000 |
| Retained earnings | - | 271 | 271 |
| | - | 1,600,271 | 1,600,271 |
| TOTAL LIABILITIES, CAPITAL AND RESERVES | 33,736,790 | 37,930,115 | 71,666,905 |

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

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

| ASSETS | Current \$'000 | Sep-16 Non-Current \$'000 | Total \$'000 |
|---|-------------------|---------------------------------|-------------------|
| Foreign currency assets | | | |
| Foreign currency cash and cash equivalents | 38,740,864 | - | 38,740,864 |
| Foreign currency investment securities | 6,445,871 | 19,478,034 | 25,923,905 |
| Foreign receivables | 4,271,434 | - | 4,271,434 |
| Subscriptions to international financial institutions | - | 5,294,542 | 5,294,542 |
| International Monetary Fund - Holdings of Special Drawing Rights | - | 2,268,011 | 2,268,011 |
| | 49,458,169 | 27,040,587 | 76,498,756 |
| Local currency assets | | | |
| Local currency cash and cash equivalents | 1,666,802 | - | 1,666,802 |
| Local currency investment securities | 72,178 | 151,813 | 223,991 |
| Retirement benefit asset | - | 121,548 | 121,548 |
| Accounts receivable and prepaid expenses | 30,474 | 2,205,066 | 2,235,540 |
| Other assets | 73,561 | 107,375 | 180,936 |
| Property, plant and equipment | - | 194,221 | 194,221 |
| | 1,843,015 | 2,780,023 | 4,623,038 |
| TOTAL ASSETS | 51,301,184 | 29,820,610 | 81,121,794 |

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

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

| LIABILITIES | Current \$'000 | Sep-16 Non-Current \$'000 | Total \$'000 |
|---|---------------------------|--|-------------------------|
| Foreign currency liabilities | | | |
| Demand liabilities - foreign | 591,952 | 11,926 | 603,878 |
| International Monetary Fund - Allocation of Special Drawing Rights | - | 3,006,769 | 3,006,769 |
| Accounts payable | 4,778,656 | 26 | 4,778,682 |
| | 5,370,608 | 3,018,721 | 8,389,329 |
| Local currency liabilities | | | |
| Demand liabilities - local | 30,419,257 | 2,955,574 | 33,374,830 |
| Accounts payable | 96,487 | 31,073,945 | 31,170,432 |
| Provision for transfer of surplus to government | 714,026 | - | 714,026 |
| Provisions | - | 5,872,606 | 5,872,606 |
| | 31,229,769 | 39,902,125 | 71,131,894 |
| CAPITAL AND RESERVES | | | |
| Capital | - | 800,000 | 800,000 |
| General reserve | - | 800,000 | 800,000 |
| Retained earnings | - | 571 | 571 |
| | - | 1,600,571 | 1,600,571 |
| TOTAL LIABILITIES, CAPITAL AND RESERVES | 36,600,377 | 44,521,417 | 81,121,794 |

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

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

| ASSETS | Current \$'000 | Sep-15 Non-Current \$'000 | Total \$'000 |
|---|-------------------|---------------------------------|-------------------|
| Foreign currency assets | | | |
| Foreign currency cash and cash equivalents | 36,998,052 | - | 36,998,052 |
| Foreign currency investment securities | 13,695,461 | 12,679,269 | 26,374,730 |
| Foreign receivables | 3,759,555 | - | 3,759,555 |
| Subscriptions to international financial institutions | - | 3,837,933 | 3,837,933 |
| International Monetary Fund - Holdings of Special Drawing Rights | - | 2,461,370 | 2,461,370 |
| | 54,453,068 | 18,978,572 | 73,431,640 |
| Local currency assets | | | |
| Local currency cash and cash equivalents | 1,709,615 | - | 1,709,615 |
| Local currency investment securities | 4,393,188 | 96,460 | 4,489,648 |
| Retirement benefit asset | - | 179,540 | 179,540 |
| Accounts receivable and prepaid expenses | 60,320 | 2,115,549 | 2,175,869 |
| Other assets | 108,459 | 119,520 | 227,979 |
| Property, plant and equipment | - | 217,328 | 217,328 |
| | 6,271,582 | 2,728,397 | 8,999,979 |
| TOTAL ASSETS | 60,724,650 | 21,706,969 | 82,431,619 |

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

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

| LIABILITIES | Current \$'000 | Sep-15 Non-Current \$'000 | Total \$'000 |
|---|---------------------------|--|-------------------------|
| Foreign currency liabilities | | | |
| Demand liabilities - foreign | 426,753 | 6,572 | 433,325 |
| International Monetary Fund - Allocation of Special Drawing Rights | - | 2,866,201 | 2,866,201 |
| Accounts payable | 3,894,425 | - | 3,894,425 |
| | 4,321,178 | 2,872,773 | 7,193,951 |
| Local currency liabilities | | | |
| Demand liabilities - local | 28,396,108 | 1,905,643 | 30,301,751 |
| Accounts payable | 95,976 | 40,196,381 | 40,292,357 |
| Provision for transfer of surplus to government | 809,011 | - | 809,011 |
| Provisions | - | 2,233,378 | 2,233,378 |
| | 29,301,095 | 44,335,402 | 73,636,497 |
| CAPITAL AND RESERVES | | | |
| Capital | - | 800,000 | 800,000 |
| General reserve | - | 800,000 | 800,000 |
| Retained earnings | - | 1,171 | 1,171 |
| | - | 1,601,171 | 1,601,171 |
| TOTAL LIABILITIES, CAPITAL AND RESERVES | 33,622,273 | 48,809,346 | 82,431,619 |

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

28. PRIOR PERIOD RESTATEMENTS

i. Restatement of International Monetary Fund balances

During the year a decision was taken to amend the accounting methodology for the International Monetary Fund (IMF) balances which resulted in certain adjustments. These adjustments gave rise to a \$2.9 billion reclassification between Liability line items on the face of the Balance Sheet under Demand liability-Local and Provisions, but neither impacted the Bank's Net Assets nor the Income Statement. This amendment now brings the accounting in line with the recommended treatment by the IMF.

Due to the significant value, the Bank's financial statements and related notes were restated in accordance to the requirements of the International Financial Reporting Standards (IFRS). Refer to Note 13 (Demand liabilities) and Note 15 (Provisions) for further details.

| | Previously reported Sep-16 \$'000 | Restated Sep-16 \$'000 | Adjustment Sep-16 \$'000 |
|-----------------------------------|---|------------------------------|--------------------------------|
| LIABILITIES | | | |
| Local currency liabilities | | | |
| Demand liabilities - local | 30,442,293 | 33,374,830 | 2,932,537 |
| Net liabilities | 30,442,293 | 33,374,830 | 2,932,537 |

| | Previously reported Sep-16 \$'000 | Restated Sep-16 \$'000 | Adjustment Sep-16 \$'000 |
|-----------------------------------|---|------------------------------|--------------------------------|
| LIABILITIES | | | |
| Local currency liabilities | | | |
| Provision | 8,805,143 | 5,872,606 | (2,932,537) |
| Net liabilities | 8,805,143 | 5,872,606 | (2,932,537) |

| | Previously reported Sep-15 \$'000 | Restated Sep-15 \$'000 | Adjustment Sep-15 \$'000 |
|-----------------------------------|---|------------------------------|--------------------------------|
| LIABILITIES | | | |
| Local currency liabilities | | | |
| Demand liabilities - local | 28,423,253 | 30,301,751 | 1,878,498 |
| Net liabilities | 28,423,253 | 30,301,751 | 1,878,498 |

| | Previously reported Sep-15 \$'000 | Restated Sep-15 \$'000 | Adjustment Sep-15 \$'000 |
|-----------------------------------|---|------------------------------|--------------------------------|
| LIABILITIES | | | |
| Local currency liabilities | | | |
| Provision | 4,111,876 | 2,233,378 | (1,878,498) |
| Net liabilities | 4,111,876 | 2,233,378 | (1,878,498) |

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

28. PRIOR PERIOD RESTATEMENTS (cont'd)

ii. Reclassification of foreign currency income

Management fees received from the Heritage and Stabilisation Fund and remuneration from the International Monetary Fund both previously presented under local income – other, were reclassified to foreign income-other. Refer to note 16 (Income from foreign currency assets) and Note 17 (Income from local currency assets) for further details.

| | Previously reported Sep-16 \$'000 | Restated Sep-16 \$'000 | Adjustment Sep-16 \$'000 |
|--|---|------------------------------|--------------------------------|
| Income from foreign currency assets | | | |
| Investment Income | 550,666 | 562,251 | 11,585 |
| Net impact on income from foreign currency assets | 550,666 | 562,251 | 11,585 |

| | Previously reported Sep-16 \$'000 | Restated Sep-16 \$'000 | Adjustment Sep-16 \$'000 |
|--|---|------------------------------|--------------------------------|
| Income from local currency assets | | | |
| Other Income | 74,976 | 63,390 | (11,586) |
| Net impact on income from local currency assets | 74,976 | 63,390 | (11,586) |

CENTRAL BANK OF TRINIDAD AND TOBAGO NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(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 2017

| ASSETS | Sep-17 \$'000 | Restated Sep-16 \$'000 | Restated Sep-15 \$'000 |
|---|-------------------|------------------------------|------------------------------|
| Foreign currency assets | | | |
| Foreign currency cash and cash equivalents | 29,338,210 | 38,740,864 | 36,998,052 |
| Foreign currency investment securities | 25,746,397 | 25,923,905 | 26,374,730 |
| Foreign receivables | 5,079,386 | 4,271,434 | 3,759,555 |
| Subscriptions to international financial institutions | 5,299,633 | 5,294,542 | 3,837,933 |
| International Monetary Fund - Holdings of Special Drawing Rights | 2,267,737 | 2,268,011 | 2,461,370 |
| | 67,731,363 | 76,498,756 | 73,431,640 |
| Local currency assets | | | |
| Local currency cash and cash equivalents | 1,049,182 | 1,666,802 | 1,709,615 |
| Local currency investment securities | 220,540 | 223,991 | 4,489,648 |
| Retirement benefit asset | 106,961 | 121,548 | 179,540 |
| Accounts receivable and prepaid expenses | 2,208,147 | 2,235,540 | 2,176,118 |
| Other assets | 174,558 | 180,936 | 227,979 |
| Property, plant and equipment | 176,154 | 194,221 | 217,328 |
| | 3,935,542 | 4,623,038 | 9,000,228 |
| TOTAL ASSETS | 71,666,905 | 81,121,794 | 82,431,868 |

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

29. PARENT (cont'd)

Statement of Financial Position
as at 30 September 2017(cont'd)

| LIABILITIES | Sep-17 \$'000 | Restated Sep-16 \$'000 | Restated Sep-15 \$'000 |
|---|-------------------|------------------------------|------------------------------|
| Foreign currency liabilities | | | |
| Demand liabilities - foreign | 789,699 | 603,878 | 433,325 |
| International Monetary Fund - Allocation of Special Drawing Rights | 3,006,741 | 3,006,769 | 2,866,201 |
| Accounts payable | 5,307,295 | 4,778,682 | 3,894,425 |
| | 9,103,735 | 8,389,329 | 7,193,951 |
| Local currency liabilities | | | |
| Demand liabilities - local | 26,489,350 | 33,374,830 | 30,301,751 |
| Accounts payable | 27,425,508 | 31,171,003 | 40,293,777 |
| Provision for transfer of surplus to government | 1,046,636 | 714,026 | 809,011 |
| Provisions | 6,001,676 | 5,872,606 | 2,233,378 |
| | 60,963,170 | 71,132,465 | 73,637,917 |
| CAPITAL AND RESERVES | | | |
| Capital | 800,000 | 800,000 | 800,000 |
| General reserve | 800,000 | 800,000 | 800,000 |
| | 1,600,000 | 1,600,000 | 1,600,000 |
| TOTAL LIABILITIES, CAPITAL AND RESERVES | 71,666,905 | 81,121,794 | 82,431,868 |

CENTRAL BANK OF TRINIDAD AND TOBAGO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

29. PARENT (cont'd)

Statement of Comprehensive Income for the year ended 30 September 2017

| | Sep-17 \$'000 | Restated Sep-16 \$'000 |
|--|------------------|------------------------------|
| Income from foreign currency assets | | |
| Investment income | 731,174 | 562,251 |
| Investment expense | (27,492) | (26,363) |
| | 703,682 | 535,888 |
| Loss from currency translations | (101,518) | (36,409) |
| Net loss realised on disposal and amortisation of investments | (138,986) | (312,013) |
| | 463,178 | 187,466 |
| Income from local currency assets | | |
| Interest income | 1,003,997 | 971,209 |
| Rental income | 2,192 | 2,302 |
| Other income | 64,232 | 63,991 |
| | 1,070,421 | 1,037,502 |
| Decrease in provisions | 6,789 | 57,383 |
| Total income | 1,540,388 | 1,282,351 |
| Operating expenses | | |
| Printing of notes and minting of coins | 52,305 | 81,454 |
| Salaries and related expenses | 253,316 | 288,911 |
| Interest paid | 78,303 | 76,519 |
| Directors' fees | 1,168 | 1,128 |
| Depreciation | 28,417 | 34,286 |
| Other operating expenses | 80,243 | 86,027 |
| Total operating expenses | 493,752 | 568,325 |
| Net surplus for the period | 1,046,636 | 714,026 |
| Total comprehensive income for the period | 1,046,636 | 714,026 |

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

29. PARENT (cont'd)

Statement of Changes in Equity
for the year ended 30 September 2017

| | Issued and Fully Paid Up Capital | General Reserves | Retained Earnings | Total |
|--|--|---------------------|----------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at 1st October 2015 | 800,000 | 800,000 | - | 1,600,000 |
| Net surplus for the period | - | - | 714,026 | 714,026 |
| Transfer of surplus to Consolidated Fund | - | - | (714,026) | (714,026) |
| Balance as at 30th September 2016 | 800,000 | 800,000 | - | 1,600,000 |
| 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 |

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

(Expressed in Trinidad & Tobago Dollars)

29. PARENT (cont'd)

Statement of Cash Flows
for the year ended 30 September 2017

| | Sep-17 | Restated Sep-16 | Restated Sep-15 |
|--|---------------------|--------------------|--------------------|
| | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Net surplus for the year before taxation | 1,046,636 | 714,026 | 842,732 |
| Adjustments for: | | | |
| Depreciation | 28,417 | 34,286 | 35,317 |
| Net loss on disposal of fixed assets | 98 | (277) | (622) |
| Interest income | (1,719,513) | (1,531,879) | (1,327,156) |
| Interest expense | 78,303 | 76,519 | 80,007 |
| Dividend income | (1,967) | (2,181) | (144,534) |
| Provisions | (6,789) | (57,383) | (159,251) |
| Revaluation of Artwork | (816) | - | - |
| Cash outflow before changes in operating assets and liabilities | (575,631) | (766,889) | (673,507) |
| Changes in operating assets and liabilities | | | |
| (Increase)/decrease in accounts receivable & prepaid expenses | (761,320) | (554,794) | 2,202,018 |
| (Increase)/decrease in other assets | (6,016) | 34,890 | 21,987 |
| Decrease in pension asset | 14,587 | 57,992 | 96,709 |
| (Decrease)/increase in accounts payable and other liabilities | (9,920,368) | (4,985,601) | 4,764,966 |
| Net cash flow (used in)/from operations | (11,248,748) | (6,214,402) | 6,412,173 |

CENTRAL BANK OF TRINIDAD AND TOBAGO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2017

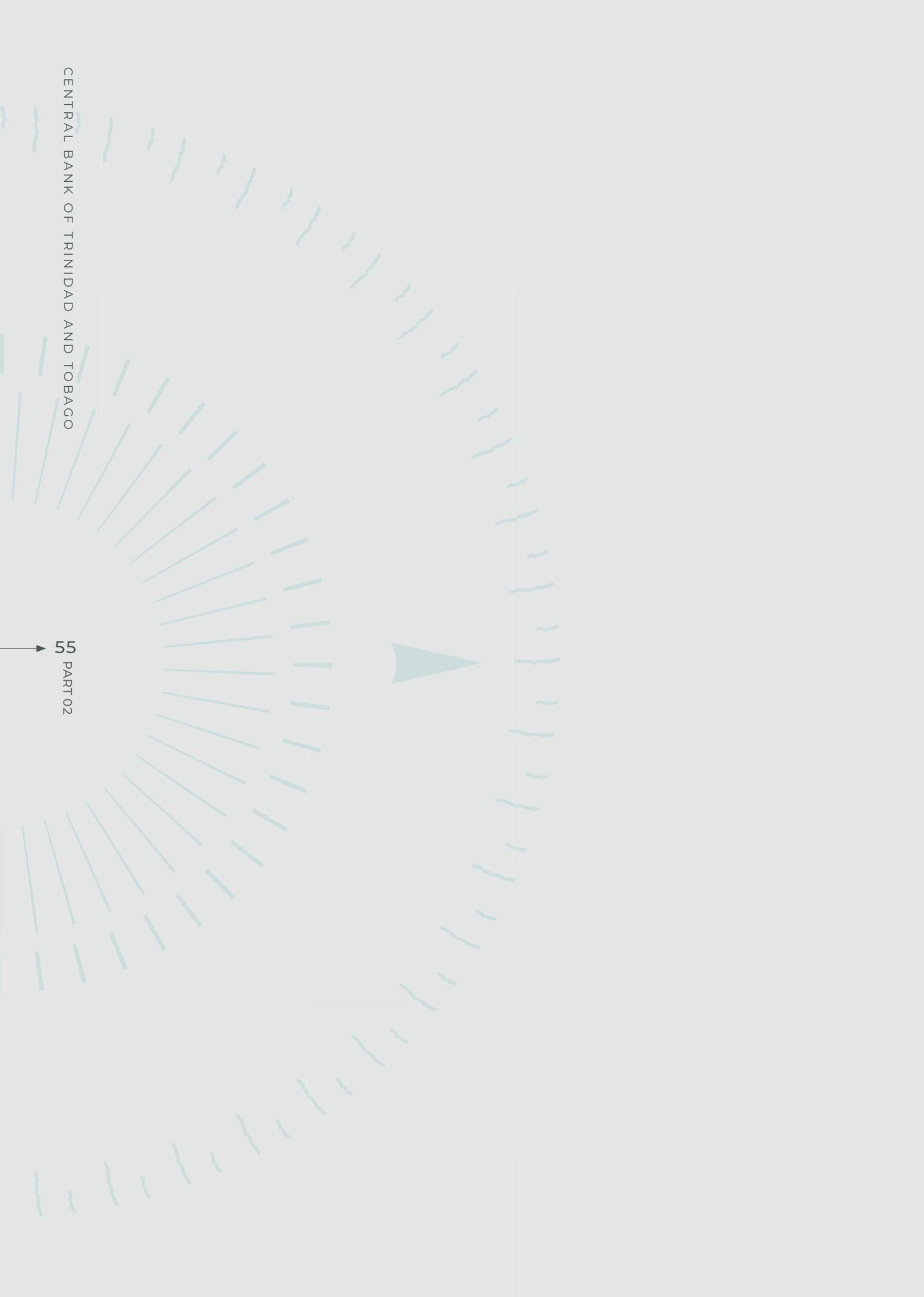
(Expressed in Trinidad & Tobago Dollars)

29. PARENT (cont'd)

Statement of Cash Flows
for the year ended 30 September 2017 (cont'd)

| | Sep-17 | Restated Sep-16 | Restated Sep-15 |
|--|--------------------|--------------------|--------------------|
| | \$'000 | \$'000 | \$'000 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | (9,652) | (12,019) | (32,700) |
| Proceeds from sale of property, plant and equipment | 20 | 1,117 | 848 |
| Net proceeds from sale/(purchase of) investments | 428,347 | 5,356,624 | (5,035,655) |
| Net repayment/(issue) of loans and advances | 35,968 | (12,108) | 95,143 |
| Interest received | 1,700,274 | 1,514,763 | 1,391,435 |
| Dividends received | 1,967 | 2,181 | 144,534 |
| Interest paid | (81,923) | (85,800) | (90,771) |
| Net decrease/(increase) in International Monetary Fund Holding of Special Drawing Rights and Allocation account | 246 | 333,927 | (32,352) |
| Payment to Consolidated Fund | (714,026) | (809,013) | (177,364) |
| Net cash flow from/(used in) investing activities | 1,361,221 | 6,289,672 | (3,736,882) |
| Cash flows from financing activities | | | |
| Lease payment | 12,394 | 12,152 | 11,913 |
| Net cash flow from financing activities | 12,394 | 12,152 | 11,913 |
| Net (decrease)/ increase in cash and cash equivalents | (9,875,133) | 87,422 | 2,687,204 |
| Foreign currency differences in monetary assets & liabilities | (145,141) | 1,612,577 | 312,849 |
| Cash and cash equivalents, beginning of period | 40,407,666 | 38,707,667 | 35,707,614 |
| Cash and cash equivalents, end of period | 30,387,392 | 40,407,666 | 38,707,667 |

54 ← PART 02





APPENDICES
2016-2017

TABLE A.1
CURRENCY IN CIRCULATION
2012 – 2017
(\$'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 |
| Oct-16 | 19,044 | 8,350,978 | 8,370,022 | 230,676 | 8,600,698 |
| Nov-16 | 19,044 | 8,517,279 | 8,536,323 | 231,922 | 8,768,245 |
| Dec-16 | 19,044 | 9,113,477 | 9,132,521 | 232,997 | 9,365,518 |
| Jan-17 | 19,044 | 8,482,575 | 8,501,619 | 233,327 | 8,734,946 |
| Feb-17 | 19,044 | 8,590,324 | 8,609,368 | 233,396 | 8,842,764 |
| Mar-17 | 19,044 | 8,588,102 | 8,607,146 | 233,564 | 8,840,710 |
| Apr-17 | 19,044 | 8,628,380 | 8,647,424 | 233,848 | 8,881,272 |
| May-17 | 19,044 | 8,694,345 | 8,713,389 | 234,339 | 8,947,728 |
| Jun-17 | 19,044 | 8,762,791 | 8,781,835 | 234,693 | 9,016,528 |
| Jul-17 | 19,044 | 8,706,946 | 8,725,990 | 234,464 | 8,960,454 |
| Aug-17 | 19,044 | 8,586,305 | 8,605,349 | 234,327 | 8,839,676 |
| Sep-17 | 19,044 | 8,634,825 | 8,653,869 | 234,480 | 8,888,349 |

Source: Central Bank of Trinidad and Tobago

TABLE A.2

CENTRAL BANK STATEMENT OF LIABILITIES AND ASSETS, 2016 – 2017 (\$'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 INSTIUTIONS | ¹ GOVERNMENT & GOVERNMENTAL ORGANISATIONS | INTERNATIONAL ORGANISATIONS | | | |
| 2015/16 | | | | | | | | |
| OCT | 8,407,342 | 19,828,529 | 424,537 | (4,070,298) | 2,866,201 | 43,644,193 | 1,600,000 | 72,700,504 |
| NOV | 8,448,152 | 21,187,066 | 392,145 | (5,151,994) | 2,866,201 | 42,620,249 | 1,600,000 | 71,961,819 |
| DEC | 9,103,151 | 22,023,112 | 383,135 | (5,020,455) | 2,866,201 | 43,746,670 | 1,600,000 | 74,701,814 |
| JAN | 8,488,647 | 21,954,978 | 385,332 | (4,590,813) | 2,866,201 | 45,823,008 | 1,600,000 | 76,527,353 |
| FEB | 8,470,191 | 21,223,484 | 384,865 | (4,331,224) | 2,866,201 | 43,904,879 | 1,600,000 | 74,118,396 |
| MAR | 8,793,059 | 21,122,355 | 386,959 | (5,043,398) | 2,866,201 | 43,246,165 | 1,600,000 | 72,971,341 |
| APR | 8,604,132 | 23,187,078 | 396,514 | (6,180,533) | 3,016,995 | 43,635,915 | 1,600,000 | 74,260,101 |
| MAY | 8,809,232 | 21,935,706 | 503,891 | (3,846,358) | 3,016,995 | 44,222,283 | 1,600,000 | 76,241,749 |
| JUN | 8,636,013 | 21,606,313 | 695,775 | (4,035,914) | 2,980,620 | 46,039,013 | 1,600,000 | 77,521,820 |
| JUL | 8,718,892 | 19,516,482 | 706,231 | (2,708,403) | 2,980,620 | 45,862,033 | 1,600,000 | 76,675,855 |
| AUG | 8,722,302 | 19,765,275 | 665,512 | 3,020,930 | 2,979,569 | 43,486,482 | 1,600,000 | 80,240,070 |
| SEP | 8,630,247 | 19,484,281 | 662,505 | 1,648,956 | 3,006,769 | 46,089,036 | 1,600,000 | 81,121,794 |
| 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 |

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 | | | | | | | |
| 2 BALANCES WITH BANKS ABROAD | OTHER FOREIGN SECURITIES | GOLD SUBSCRIPTION TO INTERNATIONAL MONETARY FUND | SUBSCRIPTIONS TO INTERNATIONAL ORGANISATIONS | SDR'S | TT DOLLAR SECURITIES | OTHER ASSETS INCLUDING FIXED ASSET | TOTAL ASSETS |
| 35,972,323 | 23,386,376 | 2,995,305 | 847,833 | 2,461,370 | 227,212 | 6,810,085 | 72,700,504 |
| 35,738,409 | 23,419,535 | 2,995,305 | 849,933 | 2,461,407 | 237,230 | 6,260,000 | 71,961,819 |
| 34,980,342 | 25,886,916 | 2,995,305 | 855,235 | 2,461,407 | 244,967 | 7,277,642 | 74,701,814 |
| 33,066,420 | 26,790,924 | 2,995,305 | 856,807 | 2,461,407 | 232,951 | 10,123,539 | 76,527,353 |
| 32,530,361 | 27,393,069 | 3,294,747 | 863,331 | 2,162,002 | 283,619 | 7,591,267 | 74,118,396 |
| 32,813,061 | 27,530,581 | 3,294,747 | 872,477 | 2,162,002 | 214,459 | 6,084,014 | 72,971,341 |
| 31,436,596 | 28,057,412 | 3,468,086 | 882,488 | 2,275,641 | 215,065 | 7,924,813 | 74,260,101 |
| 33,294,280 | 27,770,529 | 3,468,086 | 885,170 | 2,275,683 | 236,457 | 8,311,544 | 76,241,749 |
| 34,652,540 | 26,632,267 | 3,426,272 | 885,901 | 2,248,246 | 281,942 | 9,394,652 | 77,521,820 |
| 34,583,817 | 26,127,890 | 3,425,064 | 893,106 | 2,248,246 | 426,206 | 8,971,526 | 76,675,855 |
| 40,232,070 | 25,773,086 | 3,425,064 | 893,321 | 2,247,493 | 232,303 | 7,436,733 | 80,240,070 |
| 38,740,864 | 25,923,905 | 4,398,712 | 895,831 | 2,268,011 | 223,991 | 8,670,480 | 81,121,794 |
| | | | | | | | |
| | | | | | | | |
| 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 |

TABLE A.3

AVERAGE DEPOSIT LIABILITIES AND REQUIRED AND ACTUAL CASH RESERVES

for Period Ending September 2017 (\$'000s)

| RESERVE PERIOD ENDING | AVERAGE DEPOSIT LIABILITIES | REQUIRED CASH RESERVES | AVERAGE CASH RESERVES |
|-----------------------|-----------------------------|------------------------|-----------------------|
| 5-Oct-16 | 79,641,835 | 13,539,112 | 16,428,844 |
| 12-Oct-16 | 79,811,076 | 13,567,883 | 16,440,758 |
| 19-Oct-16 | 79,640,176 | 13,538,830 | 16,513,878 |
| 26-Oct-16 | 79,647,888 | 13,540,141 | 16,788,619 |
| 2-Nov-16 | 79,676,253 | 13,544,963 | 17,155,397 |
| 9-Nov-16 | 79,759,982 | 13,559,197 | 16,943,695 |
| 16-Nov-16 | 79,974,724 | 13,595,703 | 16,468,665 |
| 23-Nov-16 | 80,092,006 | 13,615,641 | 17,481,409 |
| 30-Nov-16 | 80,121,035 | 13,620,576 | 17,320,495 |
| 7-Dec-16 | 80,350,053 | 13,659,509 | 18,399,298 |
| 14-Dec-16 | 80,648,365 | 13,710,222 | 17,802,857 |
| 21-Dec-16 | 81,050,859 | 13,778,646 | 17,075,744 |
| 28-Dec-16 | 81,346,676 | 13,828,935 | 16,475,003 |
| 4-Jan-17 | 81,423,259 | 13,841,954 | 15,554,808 |
| 11-Jan-17 | 81,476,359 | 13,850,981 | 16,121,367 |
| 18-Jan-17 | 81,212,418 | 13,806,111 | 16,030,025 |
| 25-Jan-17 | 81,037,124 | 13,776,311 | 16,981,863 |
| 1-Feb-17 | 80,521,812 | 13,688,708 | 16,344,916 |
| 8-Feb-17 | 80,236,559 | 13,640,215 | 17,845,651 |
| 15-Feb-17 | 79,926,547 | 13,587,513 | 17,355,067 |
| 22-Feb-17 | 79,765,682 | 13,560,166 | 17,835,359 |
| 1-Mar-17 | 79,653,135 | 13,541,033 | 17,128,265 |
| 8-Mar-17 | 79,508,394 | 13,516,427 | 17,977,454 |
| 15-Mar-17 | 79,293,976 | 13,479,976 | 18,964,991 |
| 22-Mar-17 | 79,236,453 | 13,470,197 | 17,939,385 |
| 29-Mar-17 | 79,182,482 | 13,461,022 | 17,090,564 |
| 5-Apr-17 | 79,292,359 | 13,479,701 | 17,110,094 |
| 12-Apr-17 | 79,511,494 | 13,516,954 | 16,368,238 |
| 19-Apr-17 | 79,466,294 | 13,509,270 | 16,537,885 |
| 26-Apr-17 | 79,464,724 | 13,509,003 | 17,534,610 |
| 3-May-17 | 79,170,653 | 13,459,011 | 17,201,997 |
| 10-May-17 | 79,235,082 | 13,469,964 | 16,486,973 |
| 17-May-17 | 79,389,541 | 13,496,222 | 15,927,040 |
| 24-May-17 | 79,586,894 | 13,529,772 | 17,107,086 |
| 31-May-17 | 79,710,729 | 13,550,824 | 17,020,342 |
| 7-Jun-17 | 79,818,876 | 13,569,209 | 15,892,116 |
| 14-Jun-17 | 79,837,029 | 13,572,295 | 15,812,692 |
| 21-Jun-17 | 79,724,935 | 13,553,239 | 16,830,858 |
| 28-Jun-17 | 79,538,794 | 13,521,595 | 15,608,354 |
| 5-Jul-17 | 79,395,076 | 13,497,163 | 16,575,543 |
| 12-Jul-17 | 79,287,988 | 13,478,958 | 16,847,089 |
| 19-Jul-17 | 79,316,100 | 13,483,737 | 15,997,473 |
| 26-Jul-17 | 79,333,429 | 13,486,683 | 15,306,189 |
| 2-Aug-17 | 78,957,982 | 13,422,857 | 16,093,222 |
| 9-Aug-17 | 78,482,176 | 13,341,970 | 16,603,652 |
| 16-Aug-17 | 78,160,094 | 13,287,216 | 16,092,600 |
| 23-Aug-17 | 77,979,553 | 13,256,524 | 16,490,327 |
| 30-Aug-17 | 77,971,365 | 13,255,132 | 16,278,798 |
| 6-Sep-17 | 78,201,276 | 13,294,217 | 16,558,229 |
| 13-Sep-17 | 78,259,359 | 13,304,091 | 16,283,649 |
| 20-Sep-17 | 78,352,388 | 13,319,906 | 15,242,049 |
| 27-Sep-17 | 76,142,571 | 12,944,237 | 14,688,281 |

Source: Central Bank of Trinidad and Tobago

TABLE A.4

NON-BANK FINANCIAL INSTITUTIONS: AVERAGE DEPOSIT LIABILITIES AND REQUIRED AND ACTUAL CASH RESERVES

for Period Ending September 2017 (\$'000s)

| RESERVE PERIOD ENDING | AVERAGE DEPOSIT LIABILITIES | REQUIRED CASH RESERVES | AVERAGE CASH RESERVES |
|-----------------------|-----------------------------|------------------------|-----------------------|
| 5-Oct-16 | 2,349,300 | 211,437 | 470,267 |
| 12-Oct-16 | 2,334,622 | 210,116 | 469,095 |
| 19-Oct-16 | 2,363,311 | 212,698 | 471,701 |
| 26-Oct-16 | 2,389,556 | 215,060 | 374,114 |
| 2-Nov-16 | 2,410,022 | 216,902 | 436,475 |
| 9-Nov-16 | 2,434,433 | 219,099 | 460,755 |
| 16-Nov-16 | 2,431,956 | 218,876 | 368,758 |
| 23-Nov-16 | 2,409,889 | 216,890 | 366,584 |
| 30-Nov-16 | 2,392,167 | 215,295 | 447,211 |
| 7-Dec-16 | 2,357,811 | 212,203 | 442,285 |
| 14-Dec-16 | 2,336,600 | 210,294 | 480,408 |
| 21-Dec-16 | 2,351,033 | 211,593 | 431,874 |
| 28-Dec-16 | 2,365,244 | 212,872 | 433,217 |
| 4-Jan-17 | 2,397,900 | 215,811 | 436,364 |
| 11-Jan-17 | 2,415,056 | 217,355 | 437,909 |
| 18-Jan-17 | 2,431,289 | 218,816 | 439,617 |
| 25-Jan-17 | 2,448,422 | 220,358 | 441,231 |
| 1-Feb-17 | 2,471,356 | 222,422 | 603,441 |
| 8-Feb-17 | 2,497,656 | 224,789 | 605,823 |
| 15-Feb-17 | 2,508,044 | 225,724 | 537,179 |
| 22-Feb-17 | 2,527,544 | 227,479 | 545,661 |
| 1-Mar-17 | 2,565,267 | 230,874 | 622,408 |
| 8-Mar-17 | 2,586,756 | 232,808 | 624,419 |
| 15-Mar-17 | 2,607,889 | 234,710 | 451,623 |
| 22-Mar-17 | 2,607,056 | 234,635 | 451,838 |
| 29-Mar-17 | 2,561,878 | 230,569 | 547,944 |
| 5-Apr-17 | 2,519,422 | 226,748 | 244,421 |
| 12-Apr-17 | 2,493,000 | 224,370 | 342,382 |
| 19-Apr-17 | 2,477,289 | 222,956 | 341,300 |
| 26-Apr-17 | 2,469,456 | 222,251 | 341,148 |
| 3-May-17 | 2,474,122 | 222,671 | 241,959 |
| 10-May-17 | 2,466,367 | 221,973 | 341,381 |
| 17-May-17 | 2,440,433 | 219,639 | 239,377 |
| 24-May-17 | 2,412,600 | 217,134 | 237,029 |
| 31-May-17 | 2,384,022 | 214,562 | 234,600 |
| 7-Jun-17 | 2,346,689 | 211,202 | 231,340 |
| 14-Jun-17 | 2,326,667 | 209,400 | 229,556 |
| 21-Jun-17 | 2,300,989 | 207,089 | 228,235 |
| 28-Jun-17 | 2,233,811 | 201,043 | 343,013 |
| 5-Jul-17 | 2,165,544 | 194,899 | 387,023 |
| 12-Jul-17 | 2,094,956 | 188,546 | 380,788 |
| 19-Jul-17 | 2,041,144 | 183,703 | 426,190 |
| 26-Jul-17 | 2,019,089 | 181,718 | 374,094 |
| 2-Aug-17 | 2,010,289 | 180,926 | 408,335 |
| 9-Aug-17 | 1,996,167 | 179,655 | 317,135 |
| 16-Aug-17 | 1,982,589 | 178,433 | 315,769 |
| 23-Aug-17 | 1,977,722 | 177,995 | 350,369 |
| 30-Aug-17 | 1,965,567 | 176,901 | 314,282 |
| 6-Sep-17 | 1,961,078 | 176,497 | 313,799 |
| 13-Sep-17 | 1,963,711 | 176,734 | 338,963 |
| 20-Sep-17 | 1,967,600 | 177,084 | 369,271 |
| 27-Sep-17 | 1,974,811 | 177,733 | 269,813 |





CENTRAL BANK OF
TRINIDAD & TOBAGO