Central Bank of
Trinidad & Tobago

Annual Report 2015

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.

CENTRAL BANK OF TRINIDAD & TOBAGO

THE MANDATE

CENTRAL BANK ACT CHAPTER 79:02

3. (1) There is hereby established a Bank to be known as the Central Bank of Trinidad and Tobago.

(2) The Bank is hereby created a body corporate.

(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 coin 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.

LETTER OF TRANSMITTAL

CENTRAL BANK OF
TRINIDAD & TOBAGO

December 31, 2015

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

REF: CB-G-A4/2015

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, 2015, together with a copy of the Annual Audited Statement of Accounts certified by the Auditors.

ALVIN HILAIRE
Governor

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GOVERNOR'S FOREWORD

The global economy remained fragile in Financial Year 2015. With the exception of the United States, economic growth in advanced economies was weaker than expected, particularly in the Euro area and Japan. Meanwhile growth in emerging markets, led by China, continued to slow. Global financial markets eagerly anticipated the normalization of US monetary policy stemming from the US Fed's signalled increase in interest rates before the end of 2015. However, the precise timing remained uncertain. Ahead of this event, some global central banks tightened monetary policy in order to address the possible fall out from higher US interest rates. Meanwhile, geopolitical events such as mass migration from war-torn Syria to Europe and acts of terrorism weighed on global growth prospects.

As a small, open, energy-producing economy, Trinidad and Tobago was not immune to the vagaries of global economic developments. Sharply falling oil and natural gas prices in 2015 negatively impacted the domestic energy sector. Further, natural gas shortfalls due to prolonged maintenance works at major energy companies suppressed energy sector output. The performance of the non-energy sector also waned. Although the unemployment rate fell in the second quarter of 2015, the number of persons with jobs declined from a year earlier. As a consequence of the difficulties observed in the energy sector, foreign currency inflows to the domestic foreign exchange market moderated. As a result, the Central Bank increased its foreign exchange sales to the market, resulting in some decline in international reserves which nonetheless remained at comfortable levels.

Over the course of the Financial Year, the Central Bank maintained its monetary policy stance aimed at addressing the potential challenges from higher interest rates in the US and substantial domestic financial sector liquidity. Accordingly, the Bank increased the repo rate by a cumulative 150 basis points. The repo increases were supported by aggressive liquidity tightening through stepped up open market operations.

Dr. Alvin Hilaire
Governor
Chairman of the Board

The banking sector remained resilient in 2015 despite the challenges in the domestic economy. Banks remained well capitalized and well positioned to respond to market shocks. The Central Bank continued to work with the banking and insurance sectors to strengthen their supervisory and regulatory frameworks.

The Bank expects 2016 to be challenging as the energy sector continues to grapple with natural gas shortfalls and low energy prices. Such difficulties will affect the Government's revenues as well as the balance of payments and require a coordinated and focused effort on the part of the fiscal and monetary authorities to address these challenges.

Governor
Chairman of the Board
Dr. Alvin Hilaire

Dr. Alvin Hilaire was appointed Governor effective December 23, 2015. He succeeded Mr. Jwala Rambarran who served from July 17, 2012 to December 23, 2015.

BOARD OF DIRECTORS
Executive Directors

Mr. Jwala Rambarran
Chairman of the Board
Governor

Dr. Sandra Sookram
Executive Director
Deputy Governor

Dr. Alvin Hilaire
Executive Director
Deputy Governor

BOARD OF DIRECTORS
Non-Executive Directors

Mr. Joseph Timothy
Date of Appointment:
July 25, 2014

Mr. Raoul John
Date of Appointment:
July 25, 2014

Mr. Steve Seetahal
Dates of Appointment:
May 18, 2011 to May 17, 2014
July 1, 2014

Mr. Trevor Sudama
Date of Appointment:
July 25, 2014

Mr. Carlyle Greaves
Date of Appointment:
April 11, 2012
End of Appointment:
April 10, 2015

Mr. Vishnu Dhanpaul
Date of Appointment:
September 18, 2013
End of Appointment:
November 30, 2015 (Resigned)

Mr. Clint Ramcharan
Date of Appointment:
March 25, 2015
End of Appointment:
September 16, 2015 (Resigned)

EXECUTIVES

Mr. Jwala Rambarran
Chairman of the Board
Governor

Mr. Carl Hiralal
Inspector,
Financial Institutions

Dr. Sandra Sookram
Executive Director
Deputy Governor

Dr. Alvin Hilaire
Executive Director
Deputy Governor

SENIOR MANAGERS

Mrs. Arvinder Bharath
Deputy Inspector,
Financial Institutions

Ms. Marie Borely
Chief Financial Officer

Ms. Nicole Chapman
Senior Manager, Legal &
Corporate Secretariat Services

Mrs. Michelle Chong Tai-Bell
Chief Actuary

Mrs. Nicole Crooks
Senior Manager,
Human Resources and
Knowledge Management

Mrs. Michelle Francis-Pantor
Deputy Inspector,
Financial Institutions

Mr. Alister Noel
Senior Manager,
Operations

Ms. Dianne Pierre
Senior Manager,
Project Management and
Corporate Services

Ms. Charlene Ramdhanie
Senior Manager,
Strategic Communications &
International Relations

Ms. Suzanne Roach
Financial Services
Ombudsman
Passed away: Sep 21, 2015

MANAGERS

Mrs. Angela Henry-Small
Manager,
Statistics Department

Mr. Christopher Subryan
Manager,
Finance & Accounting

Mrs. Denise Rodriguez-Archie
Manager,
Internal Audit

Mr. Garnett Samuel
Manager,
Domestic Market
Operations

Mr. Gaston Harrison
Manager,
Employee and Industrial Relations

Mrs. Heather Huggins
Manager,
Human Resources

Mrs. Hiliary Wilkins
Manager,
Knowledge and Information
Management

Ms. Joanne Seeram
Manager,
Information Technology
Services

Mr. Naveen Lalla
Manager,
Banks & Non-Banks
Supervision

Ms. Roxanne Solomon
Manager,
Banking Operations

Ms. Sandra Racha
Manager,
Research

Mrs. Sharda Maharaj-Ramjattan
Manager,
Financial Inclusion
Development Agency

Mr. Vaughn Halliday
Manager,
Facilities and Property Manangement

Ms. Wendy D'Arbasie
Manager,
Reserve Management

ASSISTANT MANAGERS

Ms. Amrita Gosine
Assistant Manager,
Strategic Communications

Mr. Dominic Stoddard
Assistant Manager,
Statistics

Ms. Isha Marshall
Assistant Manager,
Finance & Accounting

Mr. Kendall Cuffy
Assistant Manager,
Market Conduct

Mr. Kevin Finch
Assistant Manager,
Financial Stability

Mrs. Marlene Quirico-Callender
Assistant Manager,
Administrative Services

Ms. Natalie Roopchandsingh
Assistant Manager,
Insurance Supervision

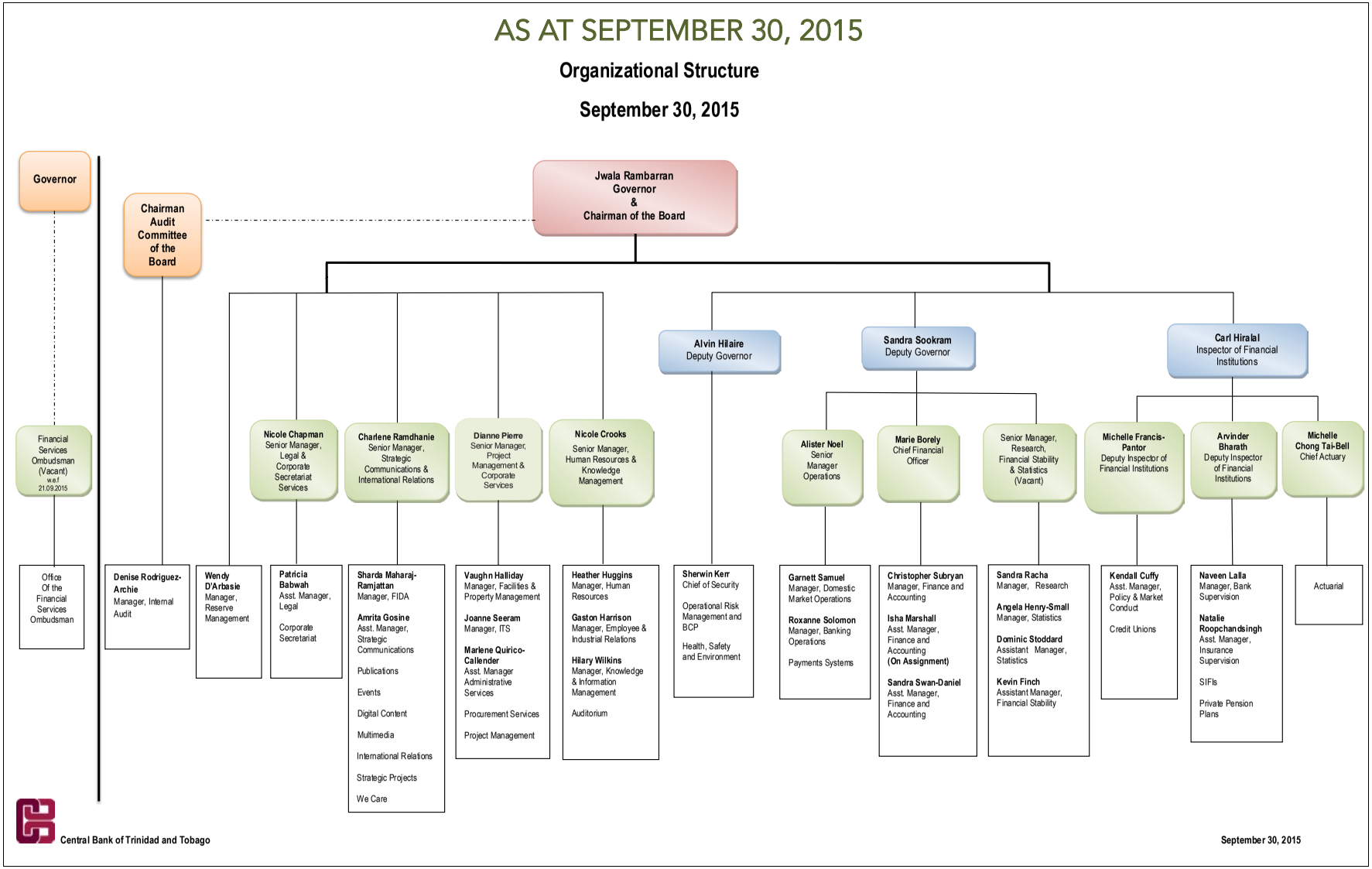
Ms. Patricia Babwah
Assistant Manager,
Legal

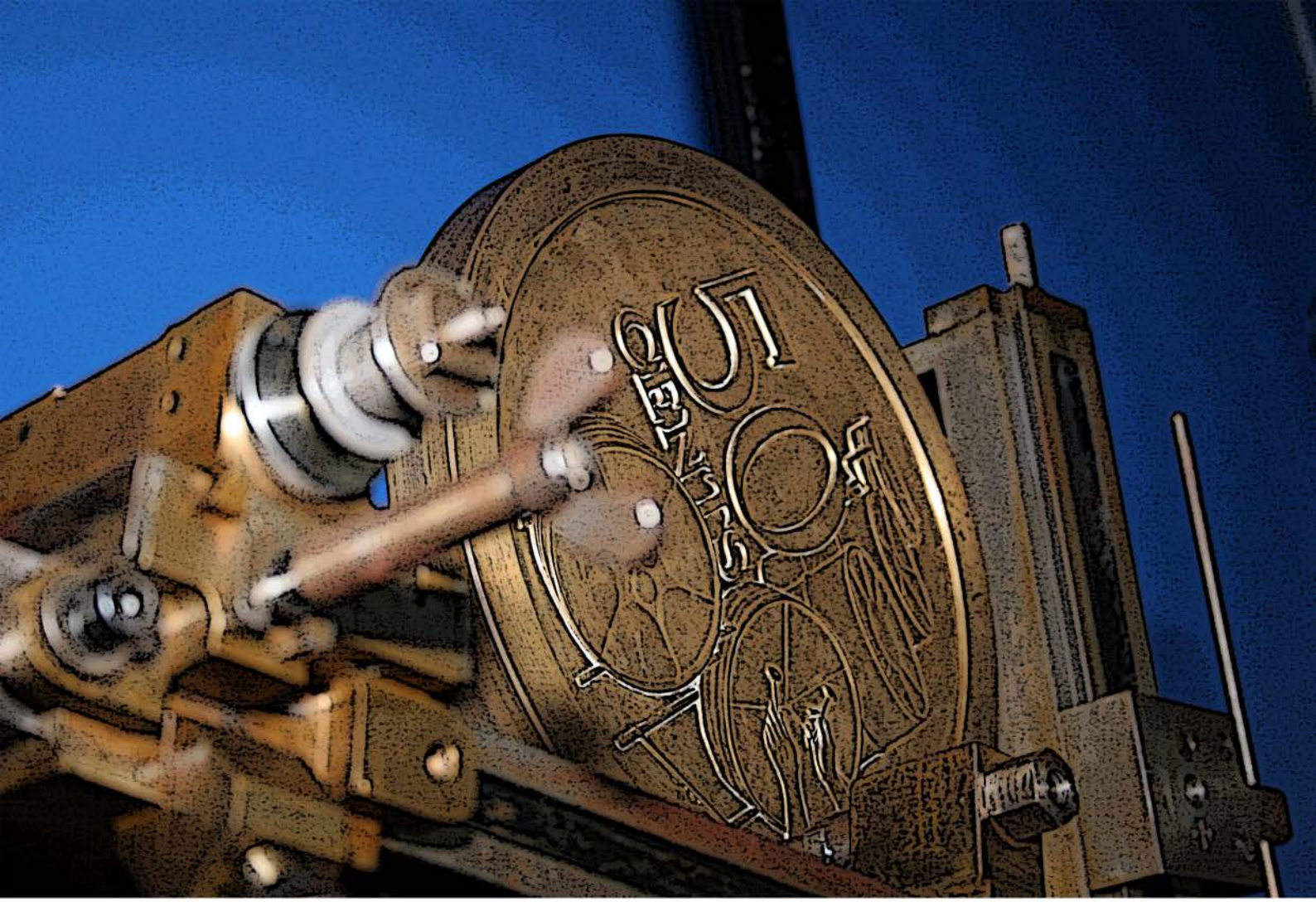
Mrs. Sandra Swan-Daniel
Assistant Manager,
Finance & Accounting

Supt. Sherwin Kerr
Chief of Security,
Security

ORGANIZATIONAL STRUCTURE

AS AT SEPTEMBER 30, 2015





REVIEW OF ACTIVITIES

2014-2015

MONETARY POLICY AND ECONOMIC DEVELOPMENTS

According to the Central Bank's Quarterly Real Gross Domestic Product Index, the Trinidad and Tobago economy is estimated to have contracted by 1.9 per cent in the first nine months of 2015, influenced by falling energy output. Maintenance and upgrade activities by several large energy companies resulted in reduced natural gas supply, which in turn adversely impacted production of Liquefied Natural Gas (LNG) and petrochemicals. Meanwhile, growth in the non-energy sector is estimated to have declined marginally by 0.1 per cent as activity in manufacturing, construction and distribution slowed considerably.

The unemployment rate declined to 3.2 per cent in the second quarter of 2015 but masked incipient weakness in the labour market. The improvement in the unemployment rate partly reflected a large fall in labour force participation.

In May 2015, the Central Statistical Office launched the revised Retail Prices Index (RPI) with January 2015 as the new base period. Based on the new methodology, headline inflation which was recorded at 9.0 per cent in October 2014 measured 7.5 per cent in January 2015 and 4.9 per cent by September 2015. Core inflation, which excludes food prices, was relatively subdued at below 2.0 per cent. Food inflation, which stood at 18.2 per cent in October 2014, slowed to 11.0 per cent by September 2015.

Revised estimates from the Ministry of Finance showed that the Central Government realized a deficit of $7.0 billion in Financial Year 2015. This compares with the originally budgeted deficit of $4.3 billion and an actual fiscal deficit of $4.4 billion in 2013/2014. The wider fiscal deficit reflected lower Government revenues as a result of softer energy prices, reduced domestic energy production and higher capital allowances to energy companies.

Preliminary data indicate that the external accounts registered a deficit of US$725 million in the first half of 2015, compared with a surplus of US$318 million in the corresponding period in 2014. At the end of June 2015, the level of gross official reserves stood at US$10.6 billion, equivalent to 12.2 months of import cover. A large deficit on the capital and financial account offset a relatively small surplus on the current account. Lower energy and non-energy export earnings were the major reasons for a smaller merchandise trade balance. Movements in the level of gross official reserves suggested that the external position deteriorated further in the third quarter of 2015. Gross official reserves dipped to US$10.3 billion, equivalent to 11.8 months of prospective imports of goods and non-factor services as at September 2015.

In Financial Year 2015, the Central Bank maintained its monetary policy stance aimed at addressing the potential challenges from higher interest rates in the US and rising domestic inflationary pressures in the medium-term. After raising its main policy rate in September 2014 for the first time in nearly two years, the Bank increased the Repo rate by 25 basis points at successive Monetary Policy Committee meetings during the year. By the end of September 2015, the Repo rate stood at 4.50 per cent, 150 basis points higher than at the start of the financial year. In conjunction with the Repo rises, the Central Bank implemented an aggressive liquidity management strategy to strengthen the transmission of its policy rate signals. This resulted in a significant tightening of domestic liquidity conditions.

The Bank's active liquidity management saw an increase in net open market operations in Treasury securities over the Financial Year 2015. During the year, the Bank withdrew $3.7 billion[1] from the banking system via net open market operations (OMOs). This was significantly higher than the $1.8

1 This excluded an extraordinary Treasury Bill issue related to a CLICO transaction

billion sterilized via net OMOs in Financial Year 2015. Given the Central Bank's intensified liquidity operations, commercial banks' holdings of reserves in excess of the statutory reserve requirement fell to a daily average of $3.2 billion in September 2015 compared with $6.8 billion in October 2014.

Lower liquidity levels as well as the signals provided by the adjustments to the Bank's Repo rate resulted in an uptick in domestic Treasury rates over Financial Year 2015. The three-month Treasury Bill rate rose to 0.84 per cent in September 2015 from 0.24 per cent in October 2014, while the 10-year Treasury yield increased to 3.35 per cent from 2.56 per cent over the same period. With comparative US Treasury yields not experiencing similar increases, the differentials between TT and US yields on three-month and 10-year Treasury securities widened at the end of September 2015. The differential on the three-month rate rose to 84 basis points from 23 basis points in October 2014, while that on the 10-year reached 129 basis points from 21 basis points in October 2014.

With the increases in the Repo rate, the commercial banks' prime lending rates trended upwards during the Financial Year. As such, commercial banks' median prime lending rate stood at 8.50 per cent at the end of September 2015, up from 7.50 per cent in October 2014. However, commercial banks' weighted average lending rate stood at 7.60 per cent in June 2015 compared with 8.03 per cent in September 2014, while the weighted average deposit rate held steady at 0.55 per cent over the period. As a result, the spread between weighted average lending and deposit rates narrowed to 7.06 per cent in June from 7.48 per cent in September 2014.

Consistent with weaker economic conditions and tightening monetary policy, private sector credit expanded moderately. On a year-on-year basis to September 2015, growth in private sector credit granted by the consolidated financial system slowed to 5.9 per cent from 6.2 per cent in October 2014 mainly because of slower commercial bank lending. However, credit extended by non-bank financial institutions recovered, growing by 7.7 per cent in September 2015 after contracting by 0.5 per cent in October 2014.

Overall, most categories of private sector credit grew moderately during Financial Year 2015. Lending to businesses rose by 4.4 per cent in September 2015, compared with growth of 3.2 per cent in October 2014. Consumer lending remained strong, reaching 8.6 per cent in September 2015. Meanwhile, lending for real estate mortgages, which had grown strongly over the past two years, decelerated. By September 2015, real estate mortgage lending had expanded by 7.3 per cent compared with 11.0 per cent at the beginning of the financial year.

Conditions in the domestic foreign exchange market were relatively tight, as inflows from the energy sector fell in Financial Year 2015. Purchases from the public by authorized dealers amounted to US$5,045 million, 14.7 per cent lower than in the previous year. Energy sector conversions of roughly US$3.5 billion were also 14.6 per cent lower than the previous year. On the other hand, sales of foreign currency to the public amounted to US$7,262 million, which was just 0.5 per cent less than in the previous year.

As a result, the Central Bank increased its support to the domestic foreign exchange market, selling US$2,325 million to completely offset the net sales gap. The level of support provided by the Bank in Financial Year 2015 was US$745 million more than in the previous year. The TTD/USD exchange rate was relatively stable over the course of the fiscal year. In September 2015, the exchange rate stood at TT$6.3624/US$1.00 compared with TT$6.3607/US$1.00 at the beginning of the fiscal year.

Over Financial Year 2015, the domestic stock market produced a relatively flat outturn. The Composite Price Index was up by 0.2 per cent compared with a 0.1 per cent gain in the previous financial year. A 1.3 per cent decline in the All Trinidad & Tobago Index was countered by a 10.1 per cent increase in the Cross Listed Index, as the share prices of regional

companies rallied due to an improvement in their home economies. Stock market capitalization stood at $109.5 billion. In terms of stock market trading activity, 74.6 million shares were traded in Financial Year 2015 at a market value of roughly $946.8 million, compared with 92.3 million shares trading hands at a market value of $1.1 billion in the previous financial year.

Over the period October 2014 to September 2015, there were eight primary bond market issues raising roughly $4.6 billion. In the previous financial year, there were also eight issues; however, the total amount raised was significantly higher at $10.1 billion. Faced with falling revenues in Financial Year 2015, the Central Government of Trinidad and Tobago raised three bonds totalling $2.5 billion through private placements. Private entities ($1.8 billion) and the Home Mortgage Bank ($250 million) were the other borrowers on the domestic bond market during Financial Year 2015.

Aggregate mutual funds under management stood at $41.0 billion at the end of September 2015, representing a 0.8 per cent decrease from the end of the previous financial year. Contributing to the decline in the mutual fund industry was a 14.9 per cent drop in equity funds under management, which ended the period at $5.0 billion. Over the period October 2014 to September 2015, income funds under management grew by 1.0 per cent to $34.6 billion. In terms of currency profile and in line with the industry performance, US dollar funds fell by 1.3 per cent to $8.0 billion, while TT dollar funds dipped by 0.7 per cent over Financial Year 2015.

STRENGTHENING CONFIDENCE IN THE FINANCIAL SYSTEM

Banking Sector

The banking sector remained resilient in the face of declining energy prices and a deteriorating economic outlook in Financial Year 2015. Credit expansion was supported primarily by lending to Government and Government-related entities. Banks continued to extend credit to households at a faster pace than to private sector businesses. However, there was some evidence of a slowdown in lending to consumers, particularly with respect to residential real estate mortgages.

Overall, the quality of the loan portfolio was safeguarded by a combination of write-offs and focused collection efforts. Deposits remained a stable source of funding, which partly suggested that commercial and retail customers maintained their confidence in the soundness of the banking sector.

Liquid assets and capital buffers remained high, so that banks were well placed to respond to liquidity shocks. Banks in Trinidad and Tobago have consistently reported capital buffers in excess of regulatory requirements and are thus well prepared for roll-out of the new Basel II/III international capital standards. Additionally, capital adequacy ratios for the banking system remained above the 8 per cent regulatory benchmark when interest rate, foreign exchange, credit, property price and liquidity shocks were applied.

The Financial Institutions Supervision Department (FISD) increased its on-site surveillance of banks to ensure their safe operations. This included on-site examinations of two large banks and the main cross-border subsidiaries, and was undertaken in conjunction with regional regulators. In addition, FISD strengthened its regulatory oversight over four systemically important banks through increased engagement and more intense surveillance.

Insurance Sector

The insurance sector remained stable during the Financial Year 2015. Premium income in the life insurance sector continued its upward trajectory driven by unit-linked and annuity products, but the still-low interest rate environment continued to affect investment income. Consequently, some life insurance companies explored alternative investment options, particularly through participation in residential mortgage lending. Profits continued to be stable in line with past years.

In the non-life sector, premium growth was driven by the property and motor lines of businesses. The sector experienced increased operating expenses and lower levels of underwriting profits which, together with a decline in investment yields, resulted in lower overall profitability.

The Central Bank continues to work with the insurance companies to strengthen their corporate governance and risk management practices, capital and internal controls and compliance with regulatory requirements.

Occupational Pension Plans

Total assets of private occupational pension plans approximated $49 billion at the end of September 2015. Sustained low interest rates and the deteriorating economic environment continued to impact investment returns of bonds and equities in which the majority of plans' assets were invested. This adversely affected funding levels of private occupational pension plans with several being sub-optimally funded.

The Bank continued its oversight to ensure private pension plans were following actuarial recommendations to address funding deficits. The Bank actively engaged with trustees and plan sponsors for prudent review of the overall financial condition of the plans. Most plan sponsors are complying with these recommendations, while some are examining other ways of ensuring the ongoing viability of their plans.

Systemically Important Financial Institutions (SIFIs)

The Central Bank completed an onboarding exercise for five new institutions deemed Systemically Important Financial Institutions (SIFIs). These are the National Insurance Board, the Trinidad and Tobago Unit Trust Corporation, the Trinidad and Tobago Mortgage Finance Company Limited, the Home Mortgage Bank and the Agricultural Development Bank. The exercise resulted in the development of risk profiles for the entities through an assessment of their business models, internal control environment and corporate governance arrangements. Regulatory and supervisory frameworks for four SIFIs were developed and will be fully deployed in Financial Year 2016. A framework for the fifth SIFI is in progress.

Additionally, the Bank identified four (4) existing commercial banks and two (2) insurers as SIFIs. Supervisory review of these financial institutions has been intensified accordingly.

Selected Financial Soundness Indicators
Banking System, Commercial Banks, Non-Bank Financial Institutions and Insurance Companies

	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Sep-14	Sep-15
				/per cent/			
COMMERCIAL BANKS							
Capital adequacy							
Regulatory capital to risk-weighted assets	24.2	25.1	24.6	23.1	22.5	23.4	22.1
Regulatory Tier I capital to risk-weighted assets	21.7	22.7	22.4	21.3	21.8	22.2	20.5
Asset quality							
Nonperforming loans-to-gross loans	6.2	6.3	5.4	4.2	4.1	4.3	3.5
Nonperforming loans (net of provisions)-to-capital	13.3	14.5	9.6	7.8	7.7	7.6	6.9
Earnings and Profitability							
Return on assets	2.3	2.4	2.6	2.0	1.8	1.7	2.7
Return on equity	17.2	17.2	18.1	14.7	13.2	12.7	19.2
Liquidity							
Liquid assets-to-total assets	24.3	27.7	25.2	27.5	25.3	26.6	22.7
NON-BANK FINANCIAL INSTITUTIONS							
Capital adequacy							
Regulatory capital to risk-weighted assets	33.5	31.4	33.5	40.8	40.8	43.9	41.1
Regulatory Tier I capital to risk-weighted assets	32.7	34.0	37.2	44.0	43.4	45.8	44.0
Asset quality							
Nonperforming loans-to-gross loans	2.8	4.0	6.6	5.9	9.2	9.4	8.2
Nonperforming loans (net of provisions)-to-capital	2.0	1.8	3.6	3.4	5.7	5.3	6.0
Earnings and Profitability							
Return on assets	2.4	6.8	7.7	8.8	6.5	5.9	6.9
Return on equity	7.8	18.7	19.2	21.0	14.6	13.2	15.8
Liquidity							
Liquid assets-to-total assets	9.7	15.6	17.3	17.5	21.1	21.4	13.6
LIFE INSURANCE COMPANIES[1]							
Capital Adequacy							
Capital to total assets	23.8	22.1	22.0	21.2	21.3	21.2	20.7
Asset Quality							
(Real estate +unquoted equities + debtors) / total assets	15.1	13.5	9.3	10.5	7.4	8.9	7.9
Earnings and Profitability							
Expense ratio = expense (incl commissions) /net premium	37.8	38.6	37.8	35.1	33.6	33.6	32.7
Investment yield = Investment income to investment assets	6.2	5.7	5.4	5.1	4.8	4.6	4.7
Liquidity							
Liquid assets to current liabilities	28.8	33.5	33.6	32.6	34.2	31.3	36.2
NON-LIFE INSURANCE COMPANIES							
Asset Quality							
(Real estate +unquoted equities + accounts receivables) / total assets	16.9	16.2	14.0	13.5	13.8	13.3	15.8
Actuarial Issues							
Net technical reserves/average of net claims paid in the last three years	130.2	154.8	164.1	168.3	171.1	171.3	173.5
Earnings and Profitability							
Return on Equity (ROE) = Pre-tax profits to shareholders funds	12.3	15.5	17.5	20.0	14.2	16.1	11.8
Return on assets (ROA)	4.8	6.4	7.6	8.9	6.4	7.2	5.6
Liquidity							
Liquid assets to current liabilities	48.4	42.9	56.5	60.5	61.2	58.1	58.5

SOURCE: Central Bank of Trinidad and Tobago.
1/ Data reported excludes Colonial Life Insurance Company (Trinidad) Limited and British American Insurance Company (Trinidad) Limited.

INSTITUTIONAL DEVELOPMENTS

Republic Bank Limited

1. In May 2015, Republic Bank Limited (RBL) completed its acquisition of 57.25% of HFC Bank (Ghana) Limited. RBL also acquired Royal Overseas (St. Lucia) Limited in July 2015, the entity that holds 100% of the shares of RBC Suriname N.V. The names of the institutions have been changed to "Republic Suriname Holding Limited" and "Republic Bank (Suriname) N.V.", respectively.

2. RBL will restructure its operations through the creation of a holding company. In addition to facilitating greater operational efficiency and serving as a platform for expansion, this structure will result in improved regulatory oversight in line with international best practices.

RBC Royal Bank

1. In July 2015, RBC Financial Limited (RBCFL) sold its interest in RBC Royal Bank (Suriname) N.V. The Group also transferred parts of its operations in Antigua, St. Kitts and St. Lucia to RBC Canada.

Scotia Group

1. In March 2015, Canadian domiciled Bank of Nova Scotia (BNS) transferred its 50.9% shareholding (89,761,887 ordinary shares) in Scotiabank Trinidad and Tobago Limited (SBTT) to Scotiabank Caribbean Holdings Limited (SCHL). SCHL, located in Barbados, is a 100% owned subsidiary of BNS.

2. In May 2015, SBTT and its 100% owned subsidiary, Scotiatrust and Merchant Bank (STMB), were amalgamated.

3. In June 2015, Scotia Investments Trinidad and Tobago Limited was granted a licence under section 21(1) of the Financial Institutions Act, 2008 ("FIA") to conduct the business of a financial nature.

STRENGTHENING THE LEGISLATIVE AND REGULATORY FRAMEWORK

LEGISLATIVE DEVELOPMENTS

The Central Bank's progress on enhancing the regulatory framework for financial institutions was affected as two key pieces of legislation governing the insurance and credit union sectors lapsed following the dissolution of Parliament on June 17, 2015. These are:

(i) ***The Insurance Bill, 2015*** - The Insurance Bill was revised during the year and passed in the Senate on May 23, 2015. Thereafter, the Bill was laid in the Lower House but lapsed due to the dissolution of Parliament on June 17, 2015. The Insurance Bill was intended to improve regulatory oversight of insurance companies and strengthen prudential requirements, corporate governance and market conduct. The Central Bank plans to convert key regulations which accompany the Bill into guidelines.

(ii) ***Credit Union Bill, 2014 and Protection Fund*** - On November 18, 2014, the Credit Union Bill 2014 and consequential amendments to the Co-operatives Societies Act via the Co-operative Societies (Amendment) Bill were introduced in the Senate. These Bills, however, also lapsed on June 17, 2015 due to the dissolution of Parliament. Further, on January 29, 2015, Cabinet approved a Policy Proposal Document to establish a mandatory Protection Fund for the deposits and shares held by credit unions. The Credit Union Protection Fund ('Fund') is to be established by way of amendments to the Central Bank Act, Chap. 79:02 and will be administered by the Deposit Insurance Corporation (DIC). Representatives from the Central Bank, Ministry of Finance, Chief Parliamentary Counsel and the DIC met during the year to review draft legislative amendments for establishment of the Fund.

In addition, the Central Bank collaborated with the Ministry of Finance and other relevant stakeholders on the following developments:

(iii) ***Motor Vehicle Accident Fund*** – In March 2015, Cabinet approved policy proposals to establish a motor vehicle accident fund (MVAF) which was designed to provide redress for victims of uninsured and untraced ("hit and run") drivers.

(iv) ***Foreign Account Tax Compliance Act, 2010 (FATCA)*** - Trinidad and Tobago reached agreement in substance with the United States Internal Revenue Service (IRS) on a Model 1 Intergovernmental Agreement (IGA). Signing of the IGA is dependent on conclusion of negotiation of certain matters. Consequent upon the requirement to have the IGA as part of the country's laws, the Chief Parliamentary Counsel proposed amendments to inter alia the Financial Institutions Act, Chap. 79:09 (FIA) and the Insurance Act, Chap. 84:01 (IA). Such amendments seek to facilitate, for example, the sharing and transfer of confidential consumer information from financial institutions to the IRS.

REGULATORY & SUPERVISORY DEVELOPMENTS

The Central Bank launched a significant project to update and strengthen the prudential capital framework applicable to banks during Financial Year 2015. The Bank also issued revised Terms and Conditions governing the operations of Bureaux de Change.

(i) ***Revised Capital Adequacy Standards for Institutions licensed under the Financial Institutions Act 2008 (Basel II/III)*** - In November 2014, the Central Bank held an inaugural meeting with the banking industry to discuss proposals to revise and enhance the capital adequacy framework governing banks. Subsequently, a Policy Proposal Document (PPD) was issued to institutions licensed under the Financial Institutions Act, 2008 (FIA).

The PPD detailed plans to implement enhanced capital requirements for credit risk and to introduce a capital charge for operational risk consistent with Basel II/III Capital Standards. Some of the significant proposals seek to:

(a) Increase the minimum Capital Adequacy Ratio (CAR) from 8% to 10%;

(b) Increase the Minimum Tier 1 Ratio from 4% to 7%; and

(c) Introduce a Minimum Common Equity Tier 1 (CET1) ratio of 4.5% on a phased basis. A Technical Working Group comprising representatives of the Central Bank and the industry was established to facilitate implementation of the proposals. Quantitative Impact Studies to assess the impact of the new proposals on banks' capital ratios will commence in 2016 followed by implementation of the new capital rules in 2017.

(ii) ***Revised Terms and Conditions for the Operations of Bureaux de Change*** - In August 2015, pursuant to Section 5 of the Exchange Control Act, Chap. 79:50, the Central Bank issued revised Terms and Conditions of Operations of a Bureau de Change to improve regulatory oversight of the sector. Key enhancements included the following:

a) Introduction of fit and proper requirements for directors, officers, controlling shareholders and external auditors;

b) Introduction of minimum capital requirements of $500,000;

c) Provisions for conduct of on-site examinations; and

d) Stipulation of regulatory / enforcement actions that could be taken by the Bank for non-compliance with the Terms and Conditions.

Bureaux de Change have been given a transition period of six (6) months to comply with fit and proper standards and twenty-four months (24) to meet capital requirements.

(iii) ***Supervisory Guidance – De-Risking*** - The Central Bank issued supervisory guidance to licensees under the Financial Institutions Act, Chap. 79:09 (FIA) to treat with the de-risking of private members' clubs and money and value transfer services providers.

(iv) ***National Financial Crisis Management Plan*** The Central Bank is revising its draft National

Financial Crisis Management Plan. The draft Plan sets out a framework to manage a crisis when a single SIFI fails, or when there is failure of two larger mid-sized banks or insurance companies. The draft Plan, which benefited from IMF technical assistance, is under review by a Technical Working Group comprising other members of the national financial safety net: the Securities and Exchange Commission, the Deposit Insurance Corporation and the Ministry of Finance. Once finalized, the Plan will be presented to the heads of relevant agencies for its adoption and implementation.

REGIONAL CO-ORDINATION IN SUPERVISION

(i) **Consolidated Supervisory Framework for Cross Border Entities** - The Central Bank revised and expanded the draft Consolidated Supervision Framework 2014 to include protocols to be adopted when a regulator is conducting cross-border consolidated on-site examinations, and information that should be collected by regional regulators to effect consolidated supervision. The Framework was circulated for comment to the Caribbean Group of Banking Supervisors and finalization of the document is in progress.

(ii) **Loan Classification and Provisioning Harmonization Project -** The Central Bank led the regional Technical Working Group established to harmonize loan classification and provisioning standards. The Group, which comprises representatives from six Caribbean countries, will propose minimum standards for loan classification and provisioning to facilitate better comparisons and analysis across regional financial groups.

ENFORCEMENT

No administrative fines were levied on any financial institutions licensed under the Financial Institutions Act, 2008 (FIA) during Financial Year 2015.

The Central Bank published the names of unregistered persons purportedly doing business for which licensing or registration is required. The notices advised the public they should only do business with registered persons. The Bank successfully sought and obtained an injunction against one entity which was conducting motor vehicle insurance business but was not registered under the Insurance Act, Chapter 84:01.

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

As Chair of the Supervisory Working Group of the National Anti-Money Laundering and Counter Terrorist Financing Committee (NAMLC), the Central Bank collaborated with other supervisory authorities and State agencies to formulate amendments to the primary AML/CFT legislation and supporting regulations. The amendments sought to address compliance with the Financial Action Task Force's (FATF) 40 Recommendations in preparation for the 4th Round Mutual Evaluation of the country by the Caribbean Financial Action Task Force (CFATF). These amendments were subsequently passed in Parliament in 2014.

Trinidad and Tobago conducted a National Risk Assessment (NRA) in 2014 to identify the main sources and drivers of money laundering and terrorist financing risks facing the country. The Central Bank chaired two (2) of the Working Groups for the NRA and co-chaired another with the Financial Intelligence Unit (FIU).

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

The resolution plan for CLICO and BAT was made known to the public during a televised press conference held by the Governor on March 27, 2015 and published in subsequent press releases.

The CLICO Resolution Plan involves phased payments to CLICO's policyholders and creditors from the monetization of CLICO's assets. The First Partial Distribution constituted cash payments to all statutory fund STIP[2] holders, including Government (as assignee of the rights of such STIP holders), of 85 per cent of contractual liability as at the end of the interest term. Government's entitlement under the First Partial Distribution would be met by the following: (a) approximately $4 billion in cash; and (b) the transfer of CLICO's shareholdings in Angostura Holdings Limited (AHL), CL World Brands Limited (CLWB) and Home Construction Limited to Government in lieu of cash, subject to an independent valuation pursuant to section 44D(vi) of the Central Bank Act. Cash payments under the First Partial Distribution were funded from the proceeds of the sale of Methanol Holdings (Trinidad) Limited.

The Second Partial Distribution of the remaining 15 per cent (plus any accrued interest) is proposed to be funded from the sale of Methanol Holdings (International) Limited (MHIL). A Third Distribution will be made to mutual fund holders and non-resident STIP holders, including the Government as assignee of the rights of mutual fund holders and non-resident STIP holders who accepted Government's offer. Payments will then be made from the realization of other assets to other creditors outside the statutory fund and to the Government as Preference Shareholder in subordination to the unsecured creditors but in priority to payment to Ordinary Shareholders.

The resolution plan for BAT also involves phased payments to BAT's policyholders and creditors but with funding assistance received from Government. The First Partial Distribution constitutes cash payments to all statutory fund STIP holders amounting to 85 per cent of the principal balance. Subsequently, a Second Partial Distribution of the remaining 15 per cent will be made.

2 Short term investment products (STIP)

PRODUCING RELEVANT RESEARCH AND TIMELY STATISTICS

Policy-Oriented Research

During Financial Year 2015, the Research Department reintroduced the annual Trends, Analysis and Projections (TAP) report which provided medium-term forecasts of key macroeconomic variables for the domestic economy. The Department's research programme was heavily focused on aligning research papers and technical policy advice to emerging risks in the economy. The major research papers and executive briefings undertaken included the following: output gap, monetary transmission mechanism, calculating the fiscal stimulus, diversification, impact on falling oil prices on government revenues, household indebtedness, neutral policy rate, fiscal marksmanship, inflation and growth, LNG arbitrage and netback pricing and the impact of US shale oil and gas on petrochemical and oil prices.

The Research Department supported the Central Statistical Office (CSO) in rebasing of the Retail Prices Index (RPI) and GDP. The Department continues to support initiatives that strengthen the country's statistical capacity.

The Research Discussion Series was restarted, providing a forum for economists to discuss and receive feedback from management and peers on research working papers before publication and/or presentation at conferences. The Department coordinated and participated in two IMF technical assistance missions on macro prudential policy (May 2015) and on monetary policy (August 2015).

As part of its function of providing economic intelligence, the Research Department continued the production of Central Bank's official publications such as the Annual Economic Survey, the Economic Bulletin, the Monetary Policy Report, the Financial Stability Report and Balance of Payments.

The Department continued to provide analytical support primarily through background papers for the Monetary Policy Committee and the Financial Stability Committee, as well as for the Debt Management Advisory Committee. The Department is also represented on the Liquidity Management Committee. In addition, support was provided to the Ministry of Trade, Industry and Investment and the Ministry of Foreign Affairs. In keeping with the thrust of developing the research capabilities of young economists, the Research Department once again hosted interns through the Caribbean Technical Assistance Centre (CARTAC) and De La Rue Scholarship Programme.

MEETING THE BANK'S DATA NEEDS

The Statistics Department continued to enhance its ability to meet the data needs of its clients. In addition to publication of the Handbook of Economic and Financial Statistics, a wide range of additional statistical information was made available in the Data Centre on the Bank's website.

The Index of Quarterly Real Gross Domestic Product was rebased to 2010 and the Balance of Payments methodology was revised to BPM6, the most recent standard for compilation of external sector statistics.

The Statistics Department also reinstituted the Bank Technicians Meeting which seeks to rationalize data reporting by licensed financial institutions, revise data collection procedures and expand the framework for ongoing dialogue.

The Survey Unit within the Statistics Department conducted the Business Confidence Survey, the Consumer Confidence Survey and a Labour Confidence Survey. In addition, surveys were conducted for the Office of the Financial Services Ombudsman on Consumer Financial Protection, and for the newly created Financial Stability Department on Financial Stability Risks in Households. The Survey Unit is assisting the Bank of Guyana, under the terms of a Memorandum of Understanding, in the conduct of a National Financial Literacy Survey.

The Department continued to provide support for the activities of the Payment Systems Unit, the Research Department and the Financial Institutions Supervision Department, spearheading the operation of data driven processes as they execute their respective mandates. Most recently, the Statistics Department assumed full responsibility for all data related to the payments systems.

MANAGING FOREIGN RESERVES IN VOLATILE FINANCIAL MARKETS

Over Financial Year 2015, global financial markets continued to exhibit elevated levels of volatility mainly as a result of concerns surrounding Greece, the slowdown in China and uncertainty about the timing of the U.S. Federal Reserve's first interest rate hike since June 2006. These factors contributed to investors' increasing demand for safe-haven securities that resulted in longer-dated U.S. Treasuries performing relatively better than shorter maturities.

Despite the volatile markets, the Central Bank's investment strategy remained underpinned by the following core principles:

- Safety: Preserving the capital value of the Reserve Portfolio;
- Liquidity: Ensuring the availability of sufficient liquidity to cover all obligations; and
- Return: Achieving an acceptable rate of return on investments within well-defined risk parameters.

The Reserve Portfolio, which is invested primarily in fixed deposits and short-dated U.S. Treasuries, earned a return of 0.35 per cent for the Financial Year 2015 compared with a return of 0.16 per cent in the previous year. This relatively better performance reflected a combination of lower yields, higher deposit rates and tactical strategies.

Foreign exchange reserves grew to US$11.3 billion in December 2014 from US$10.1 billion in September 2014. However, for 2015 the reserves have been on a downward trajectory declining to US$10.3 billion by September 2015. Energy revenues continued to be the primary source of inflows, amounting to

US$2.0 billion. Proceeds of approximately US$1.2 billion from the sale of certain assets were also a major inflow to the portfolio. These amounts were sufficient to meet the major outflows from the portfolio which included foreign currency sales to the domestic market totalling US$2.3 billion and Central Government payments of approximately US$0.9 billion.

BANKER TO GOVERNMENT

Currency in Circulation

In accordance with the Central Bank Act Chapter 79:02, the Central Bank continued to perform the role of sole issuer of Trinidad and Tobago currency. In December 2014, the Bank placed into circulation a redesigned $50 bank note made of polymer to commemorate the 50th anniversary of the Bank. This redesign was significant as it not only allowed the Central Bank to introduce contemporary bank note design styles for the first time in half a century, but also to introduce polymer, the newest technology in bank note production.

Currency in circulation increased by 14.6 per cent to $8,489 million in Financial Year 2015 (Chart 1). The traditional seasonal pattern of higher demand by commercial banks for currency during the holiday season of November and December continued to be evident. New notes issued by the Central Bank amounted to 82 million, 3.8 per cent less than the 85 million issued in the previous year. The $100 denomination represented the largest value at about 89 per cent of all notes in circulation while the $1 denomination accounted for the largest volume at 42 per cent of total notes in circulation (Chart II). With respect to coins, the 1 cent remained the most widely circulated coin, representing approximately 49 per cent of the total volume of coins in circulation while the 25 cents coin accounted for 19 per cent of total volume (Chart III).

Chart I
Currency in Circulation

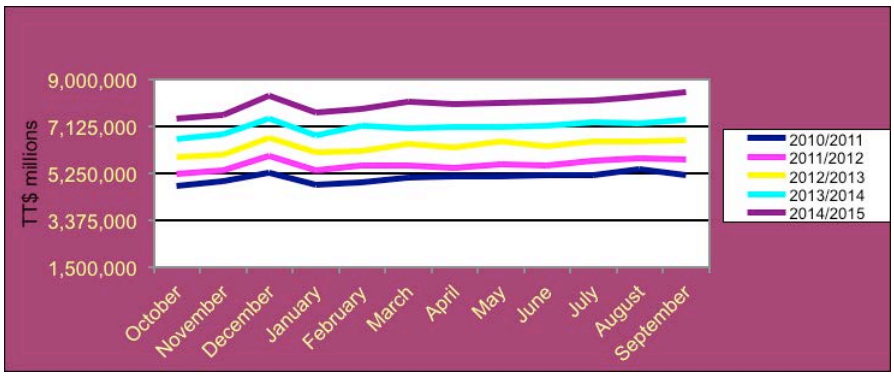


Chart II
Volume of Notes in Circulation by Denomination as at September 30, 2015
Percent of Total

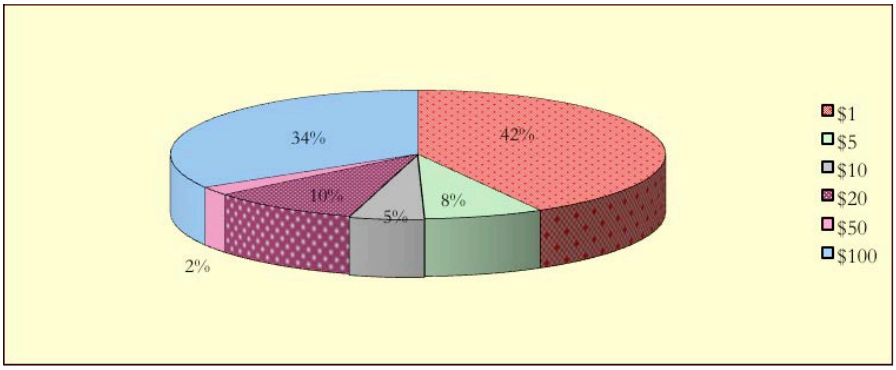
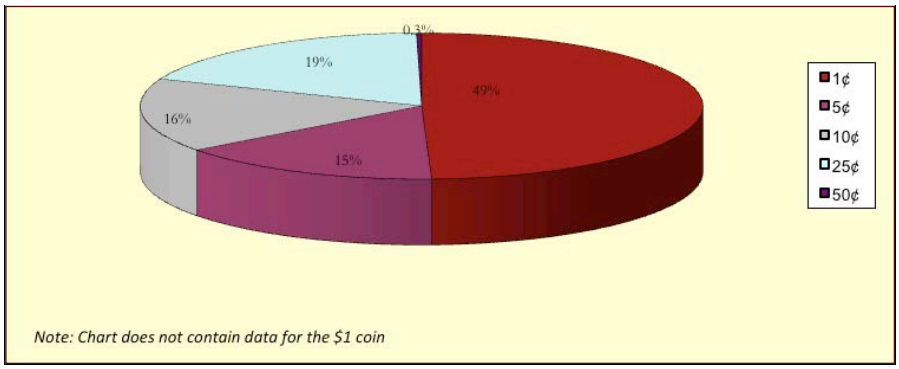


Chart III
Volume of Coins in Circulation by Denomination as at September 30, 2015
Percent of Total



Clearing and Settlement Systems

The Central Bank continued to perform the role of operator for the Real Time Gross Settlement (RTGS) system, *safe-tt* and the Cheque Clearinghouse Facility for domestic currency cheques. The volume of cheques cleared increased by 2.6 per cent to 1.7 million as at September 2015 (Chart IV) with a corresponding increase of 10.9 per cent to $64 billion in the value of cheques cleared. A total of 41,000 transactions valued at $775 million was processed over the Automated Clearing House (ACH) in Financial Year 2015 compared to a volume of 36,000 transactions valued at $826 million in the previous year.

The RTGS electronic system facilitates the clearance and settlement of large value ($500,000 and over) and time-sensitive transactions among commercial banks and remains the most significant payment system in the domestic economy. In Financial Year 2015, the RTGS settled 60,084 transactions with a total value of $603 billion (Chart V).

Chart IV

Cheques Cleared by the Central Bank as at September 2015

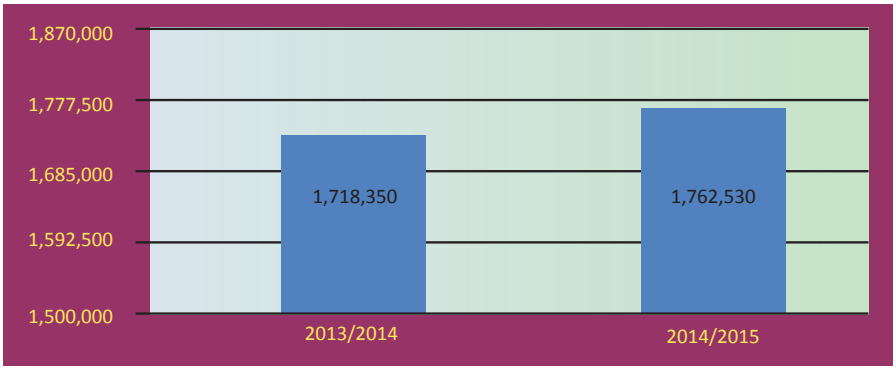
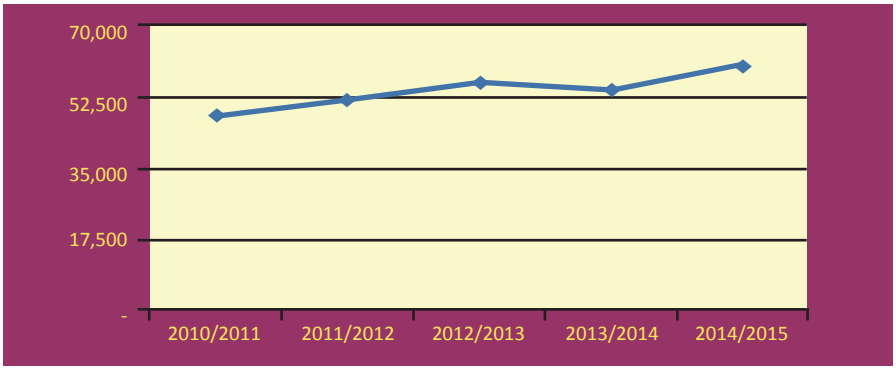


Chart V

RTGS Annual Volumes



Payment Systems

In October 2014, Central Bank adopted the Principles for Financial Market Infrastructures which replaced the BIS Core Principles for Systemically Important Payments Systems as the standard for assessing risk management in financial market infrastructures. In keeping with these developments, the Bank held several discussions with licensees and other key stakeholders to collaborate on the necessary revisions to the current assessment methodology and evaluation questionnaires. The new assessment framework was subsequently finalized and rolled out to all operators.

The Central Bank continued to work with Government on its various e-payments initiatives as well as with the Payment System Council (PSC) towards the creation of a "Statement of Needs", both long and short term, for the future development and enhancement of the National Payments System.

Financial Institutions Reserve Monitoring

The required statutory cash reserve ratios for commercial banks and non-bank financial institutions remained unchanged at 17 percent and 9 percent of their prescribed liabilities. Commercial banks continued to hold a secondary reserve of 2 percent of their prescribed liabilities. A fixed rate of 0.25 per cent was paid on these holdings.

Additionally, as part of the Central Bank's monetary policy strategy to withdraw excess liquidity from the domestic financial system, commercial banks placed special deposits at the Central Bank. At the end of September 2015, there were four one-year deposits as follows:

- A deposit of $2.0 billion which matures on 30 October 2015;
- A deposit of $1.5 billion which matures on 29 December 2015;
- A special fixed deposit of $1.5 billion which matures on 14 March 2016;
- A special fixed deposit of $1billion which matures on 2 May 2016.

Interest paid to commercial banks on fixed deposits totalled $13.1 million in Financial Year 2015.

Regional Arrangements

Bank of Guyana Consolidated Debt

Bank of Guyana's debt to Trinidad and Tobago is a consolidation of sums owed to the Central Bank and the Government of Trinidad and Tobago from:

1. The Caricom Oil Facility (1981-1982)
2. The Balance of Payments Support Facility (1974-1975)
3. Bilateral Settlements Loan (1985)

This consolidated debt was reduced under the IMF's Enhanced Heavily Indebted Poor Countries (HIPC) Initiative to US$56 million in 2005. This debt continues to be serviced on a semi-annual basis and an amount of US$6.15 million was received during Financial Year 2015. This was distributed as follows based on the proportions of the original loan:

- Government of the Republic of Trinidad & Tobago - US$1.24 million
- Central Bank - US$4.91 million

The principal balance outstanding as at September 30, 2015 was US$28.1 million.

Grenada Government 7½% Debentures – 82/83

In 1971 and 1973 the Central Bank purchased debentures issued by the Government of Grenada with a face value of EC$50,000 and EC$250,000, respectively. The debt was not retired as arranged and the total due as at September 30, 2015 was

EC$2.91 million comprising principal of EC$1.046 million and interest of EC$1.866 million.

Banco Latinamericano De Exportaciones S.A. (BLADEX)

The Central Bank holds a total of 160,626.50 Class A shares in BLADEX. During Financial Year 2015, dividends totalling US$241,742.88 were received.

Corporación Andina de Formento (CAF)

In October 2014, the Central Bank subscribed to 7,590 Series "C" Shares of Common Capital Stock of CAF at a cost of US$107,778.000. CAF is a development bank comprised of various countries and banks from Latin America, the Caribbean and Europe.

Paying Agent Functions

The Central Bank continued to act as the Registrar and Paying Agent of Government and State Enterprise (Agency) bonds issued under the Government Securities Auction System and Depository as well as GOTT bonds dematerialized in previous years.

Centralised Securities System (CSS) GOTT Bonds

During Financial Year 2015, principal repayments and interest payments to State Agency bondholders amounted to $231.3 million and $283.9 million, respectively. Total principal and interest paid to Central Government and Government Guaranteed bondholders amounted to $9.10 million and $1.45 billion, respectively, compared to the corresponding period's interest paid of $1.55 billion. This represented a decrease of 6.0 per cent compared to the previous year.

On November 30, 2014, payments in respect of the third tranche of CLICO zero coupon bonds were made to bondholders in the amount of $479.4 million compared to $477.4 million in the second tranche.

On September 3, 2015, payments in respect of the first tranche of the HCU zero coupon bonds were made to bondholders in the amount of $17.7 million.

Public Sector (Arrears of Emoluments) and Tax Free Bonds

The Central Bank continued to encash small amounts of outstanding bonds issued under the Public Sector (Arrears of Emoluments) Act 1995, the *Public Sector (Arrears of Emoluments) Amendment Act 1998 and Tax Free Bonds created under the Government Savings Bond Act Chap 71:41*. The final maturity date of the Public Sector bonds was January 31, 2001. During Financial Year 2015, payments of $9,500 were made compared to $22,000 in the previous year. For the Tax Free bonds which matured in December 2005, total principal and interest repayments were $110,400 in Financial Year 2015 compared to $48,000 in the previous year.

ENHANCING CONSUMER PROTECTION

Financial Year 2015 was a year of many achievements for the Office of the Financial Services Ombudsman (OFSO), but it was also a year when the Bank experienced the sudden loss on September 21, 2015 of the Financial Services Ombudsman, Ms. Suzanne Roach. Consistent with the Terms of Reference between the Central Bank and the Financial Institutions, the Bank appointed Mrs. Nicole Crooks Deputy Financial Services Ombudsman until a decision is taken on the appointment of a substantive Ombudsman. The Bank, in consultation with the Bankers Association of Trinidad and Tobago and the Association of Insurance Companies of Trinidad and Tobago, will decide on a suitable candidate to fill the position.

While the OFSO continued its core work of mediating between consumers and their banking and insurance institutions, the staff also found new ways to enhance the outreach to communities, stakeholders and the general public.

The OFSO also commenced work on two major publications specifically pertaining to the elderly that are intended to further assist the public with their financial responsibilities. Life after Death and Handbook of Services for Senior Citizens will be shared with the public on completion.

BUILDING HUMAN CAPITAL & KNOWLEDGE

Human Resources

The Central Bank continued to acquire talent with the requisite competencies to support its strategic objectives. As at September 30, 2015, the Bank's staff complement was 653, (579 permanent and 74 on contract), compared with 628 employees (582 permanent and 46 on contract) in 2014. The increase in contract staff was largely due to two major short term projects – a digitization project and support for the Central Statistical Office (CSO).

During Financial Year 2015, the Central Bank continued to promote a culture of high performance and productivity in keeping with its strategic mandate. In line with this objective, enhancements were made to the Bank's Performance Management System. Key enhancements included the shift from quarterly to half-yearly employee assessment and full automation of the performance management process.

The Central Bank also enhanced its Competency Management framework. The Human Resource Department successfully rolled out the job-specific assessment component so that the three levels of employee competency assessment (core, job family and job specific) are now fully automated. Additionally, the training and development component was significantly upgraded with the inclusion of an online training and development tool allowing for greater support in the creation of employees' Training and Development Plans.

Talent development remained a priority for the Bank through staff exposure to relevant training programmes, conferences and workshops designed to enhance their competencies and close competency gaps. More than half of the employees participated in in-house, local and overseas training interventions. Coaching and development

interventions aimed at enhancing leadership capability and supporting succession plans were also undertaken. The Central Bank's Graduates in Development programme continued to assist with transitioning employees into the graduate stream. The Vacation Internship Programme (VIP) celebrated ten (10) years in existence with twenty five (25) interns participating during Financial Year 2015.

The Central Bank and the Banking Insurance and General Workers Union (BIGWU) concluded new Collective Agreements for staff covered under Bargaining Units 1 and 3 for the period 2015 to 2017. The parties agreed to a salary increase of 14 per cent for staff in both Bargaining Units.

KNOWLEDGE MANAGEMENT

The Knowledge and Information Management Department (KIM) continued its project to implement the Electronic Document and Records Management System (EDRMS). Significant progress was also made towards enhancing digital services with the purchase of new financial and business electronic publications. The Librarians also worked with the Human Resource Department to provide staff with access to reading material (print and electronic) via an online database subscription service, as part of its talent management initiatives.

WORKING IN A SAFE ENVIRONMENT

During Financial Year 2015, the management systems established for Operational Risk Management, Health and Safety, and Business Continuity, continued the practices which inculcated a risk-aware and safe working environment capable of effectively responding to disruptive events. The second Bank-wide Operational Risk Assessment was completed. Results indicated keen awareness of existing operational risks and confirm appropriate mitigation strategies are in place. In the area of business continuity, emphasis was focused on the Bank's readiness activities, response procedures and test programme.

A major development was the establishment of an annual Business Continuity Assessment for the financial sector. This Assessment enables the financial sector to strengthen its response and recovery capability by identifying areas which require support.

The Security Department celebrated its 30th year of existence, hosting the 3rd Annual Conference of Regional Central Banks Security Chiefs. The theme "Greater Efficiency through an Integrated Regional Central Bank Security Network — A Case for Greater Synchronization with Relevant CARICOM Agencies" encouraged tremendous discussions among Security Chiefs. The Department also actively participated in other areas such as Business Continuity Planning and Health and Safety.

EXTERNAL COMMUNICATIONS

In Financial Year 2015, the Central Bank continued to advance its relationship with the national community through greater communication, education and openness.

Divali Nagar 2014

The Money Museum held a successful outreach programme at the Divali Nagar in October 2014. Exhibits included early forms of money, Trinidad and Tobago's first $50 note and samples of destroyed currency. Attendees learned about the history and development of currency in Trinidad and Tobago as well as the role and functions of the Central Bank.

Indian Arrival Day Exhibition 2015

For Indian Arrival Day 2015, the Central Bank held an art exhibition to expose the work of young artists from across the country. Thirty-one (31) artists participated in the successful exhibition which ran for approximately six (6) weeks from April 30 to June 12, 2015.

Emancipation Exhibition 2015

For Emancipation celebrations 2015, the Central Bank held an art exhibition featuring young artists. Twenty-five (25) artists participated in the exhibition which ran for approximately five (5) weeks from July 24 to August 21, 2015.

Eid-ul-Fitr 2015

The 2015 Eid-ul-Fitr programme took an evening format open to members of the public. The programme which was themed "An Appreciation of the Holy Quran" featured a lecture, cultural performances and a mini exhibition.

Eid-ul-Fitr 2015

Indian Arrival Day Exhibition 2015

Emancipation Exhibition 2015

Children's Christmas Party

FINANCIAL STATEMENTS

2014-2015

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 SUBSIDIARIES

FOR THE YEAR ENDED

30 September 2015

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 SUBSIDIARIES FOR THE YEAR ENDED 30 SEPTEMBER 2015

The accompanying Consolidated Financial Statements of the Central Bank of Trinidad and Tobago for the year ended 30 September 2015 have been audited. The Statements comprise the Consolidated Statement of Financial Position as at 30 September 2015, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended 30 September 2015 and Notes to the Consolidated Financial Statements numbered 1 to 27.

BOARD'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

3. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit. The audit was carried out in accordance with section 52 of the Central Bank Act, Chapter 79:02. The audit was conducted in accordance with auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the opinion expressed at paragraph 5 of this Report.

OPINION

5. In my opinion, the Consolidated Financial Statements as outlined at paragraph one above, present fairly, in all material respects, the financial position of the Central Bank of Trinidad and Tobago and its subsidiaries as at 30 September 2015 and the related financial performance and cash flows for the year ended 30 September 2015 in accordance with International Financial Reporting Standards except as stated at Note 2a to the Consolidated Financial Statements.

22nd December, 2015
PORT OF SPAIN

MAJEED ALI
AUDITOR GENERAL

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Auditor General's Report
CBTT 2015

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CENTRAL BANK OF TRINIDAD AND TOBAGO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015
(Expressed in Trinidad & Tobago Dollars)

	Notes	Sep-15	Sep-14
		$'000	$'000
ASSETS			
Foreign currency assets			
Foreign currency cash and cash equivalents	4	36,998,052	33,916,422
Foreign currency investment securities	5	26,374,730	28,746,150
Foreign receivables	9	3,759,555	5,999,998
Subscriptions to international financial institutions	10	3,837,933	3,400,194
International Monetary Fund - Holdings of Special Drawing Rights		2,461,370	2,656,812
		73,431,640	**74,719,576**
Local currency assets			
Local currency cash and cash equivalents	4	1,709,615	1,791,192
Local currency investment securities	5, 6	4,489,648	188,721
Retirement benefit asset	8	179,540	276,249
Accounts receivable and prepaid expenses	9	2,175,869	2,209,180
Other assets	11	227,979	261,879
Property, plant and equipment	12	217,328	220,171
		8,999,979	**4,947,392**
TOTAL ASSETS		**82,431,619**	**79,666,968**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	13	433,325	227,630
International Monetary Fund - Allocation of Special Drawing Rights		2,866,201	3,093,995
Accounts Payable	14	3,894,425	6,729,766
		7,193,951	**10,051,391**
Local currency liabilities			
Demand liabilities - local	13	28,387,479	34,861,131
Accounts payable	14	40,328,131	28,206,128
Provision for transfer of surplus to government		809,011	177,364
Provisions	15	4,111,876	4,660,504
		73,636,497	**67,905,127**
CAPITAL AND RESERVES			
Capital	22	800,000	800,000
General Reserve		800,000	766,279
Retained Earnings		1,171	144,171
		1,601,171	**1,710,450**
TOTAL LIABILITIES, CAPITAL AND RESERVES		**82,431,619**	**79,666,968**

Governor

Deputy Governor

CENTRAL BANK OF TRINIDAD AND TOBAGO
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2015
(Expressed in Trinidad & Tobago Dollars)

	Notes	Sep-15 $'000	Sep-14 $'000
Income from foreign currency assets			
Investment income		437,969	329,520
Investment expense		(24,871)	(25,750)
		413,098	303,770
Loss from currency translations		(121,090)	(33,088)
Net (loss) realised on disposal and amortisation of investments		(84,261)	(252,010)
	16	**207,747**	**18,672**
Income from local currency assets			
Interest income	**17**	890,721	510,955
Rental income		2,971	3,053
Other income	**17**	69,303	307,871
		962,995	**821,879**
Decrease in provisions		159,251	-
Total income		**1,329,993**	**840,551**
Operating expenses			
Printing of notes and minting of coins		81,157	89,933
Salaries and related expenses		331,662	136,956
Interest paid		80,007	81,395
Directors' fees		826	992
Depreciation		35,317	33,135
Other operating expenses	**18**	101,292	100,793
Increase in provisions		-	67,459
Total operating expenses		**630,261**	**510,663**
Net surplus for the period		**699,732**	**329,888**
Total comprehensive income for the period		**699,732**	**329,888**

CENTRAL BANK OF TRINIDAD AND TOBAGO
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015
(Expressed in Trinidad & Tobago Dollars)

	Issued and Fully Paid Up Capital $'000	General Reserves $'000	Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
Balance as at 1 October 2013	800,000	746,572	126,000	11,354	1,683,926
Net surplus for the period	-	-	-	329,888	329,888
Transfer of surplus to Consolidated Fund	-	-	-	(177,364)	(177,364)
Tranfer to General Reserve	-	19,707	-	(19,707)	-
Reclassification Adjustment			(126,000)		(126,000)
Balance as at 30 September 2014	800,000	766,279	-	144,171	1,710,450
Balance as at 1 October 2014	800,000	766,279	-	144,171	1,710,450
Net surplus for the period	-	-	-	699,732	699,732
Transfer of surplus to Consolidated Fund	-	-	-	(809,011)	(809,011)
Tranfer to General Reserve	-	33,721	-	(33,721)	-
Balance as at 30 September 2015	800,000	800,000	-	1,171	1,601,171

CENTRAL BANK OF TRINIDAD AND TOBAGO
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2015
(Expressed in Trinidad & Tobago Dollars)

	Sep-15 $'000	Sep-14 $'000
Cash flows from operating activities		
Net surplus for the year before taxation	699,732	329,888
Adjustments for:		
Depreciation	35,317	33,135
Net gain on disposal of fixed assets	(622)	(126)
Interest income	(1,327,156)	(839,090)
Interest expense	80,007	81,395
Dividend income	(1,534)	(12,917)
Provisions	(159,251)	67,459
Revaluation of Artwork	-	(1,105)
Cash flow before changes in operating assets and liabilities	**(673,507)**	**(341,361)**
Changes in operating assets and liabilities		
Decrease/(Increase) in accounts receivable & prepaid expenses	2,202,018	(1,265,505)
Decrease/(Increase) in other assets	21,987	(27,443)
Decrease in pension asset	96,709	(80,973)
Increase in accounts payable and other liabilities	3,029,469	4,165,866
Net cash flow from operations	**4,676,676**	**2,450,584**
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,700)	(43,476)
Proceeds from sale of property, plant and equipment	848	869
Net proceeds/(purchase of investments) from sale of investments	(3,157,158)	(1,366,036)
Net repayment of loans and advances	95,143	71,402
Interest received	1,391,435	810,653
Dividends received	1,534	12,917
Interest paid	(90,771)	(95,758)
Net (increase) in International Monetary Fund Holding of Special Drawing Rights and Allocation account	(32,352)	(3,747)
Payment to Consolidated Fund	(177,364)	(392,550)
Net cash flow from/(used in) investing activities	**(2,001,385)**	**(1,005,726)**
Cash flows from financing activities		
Lease payment	11,913	11,680
Net cash flow used in financing activities	**11,913**	**11,680**
Net increase in cash and cash equivalents	2,687,204	1,456,538
Foreign currency differences in monetary assets & liabilities	312,849	(400,762)
Cash and cash equivalents, beginning of period	35,707,614	34,651,838
Cash and cash equivalents, end of period	**38,707,667**	**35,707,614**

1. Incorporation & principal activities

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

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

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

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

2. Significant accounting policies

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

a. Basis of preparation

These Consolidated 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 Consolidated 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 Consolidated Financial Statements insofar as the Bank considers it appropriate to do so having regard to its functions.

These Consolidated 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". In this way, the financial statements reflect a more realistic picture of the performance of the Bank.

- *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 and amended standards adopted by the Bank

- *IAS 32 – Financial Instrument: Presentation (Offsetting Financial Assets and Financial Liabilities)*

  The amendments to this standard clarify the meaning of certain terms with respect to the qualifying criteria for off-setting financial assets and liabilities. The amendments clarify that rights to set-off must not only be legally enforceable in a normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous.

- *IAS 36 – Impairment of Assets (Recoverable amount disclosures for Non-Financial Assets)*

  The amendments clarify the disclosure requirements in respect of fair value less cost of disposal. The requirement to

disclose the recoverable amount for each cash generating unit for which the carrying amount of goodwill or intangible assets with definite useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives has been deleted by the amendments. However, two additional disclosures have been added by the amendments:

- Additional disclosure regarding the fair value measurement of impaired assets when the recoverable amount is based on fair value less cost of disposal
- Information about the discount rates that have been used when the recoverable amount is based on fair value less cost of disposal using present value technique.

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

There are new standards and amendments to standards and interpretations that are not yet effective for accounting periods beginning on or after January 1 2014 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 statement. However, the impact of adoption depends on the assets 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)*
  IFRS 9 which introduces new requirements for classifying and measuring financial assets will eventually replace IAS 39 - Financial Instruments: Recognition and Measurements. The classification of financial assets will depend on the Bank's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The Bank is still in the process of assessing IFRS 9's full impact.

- *IFRS 15 – Revenue and Contracts with Customers (effective January 1, 2017)*
  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 satisfiesa performance obligation

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

- IAS 16 – Property, Plant and Equipment *(amendment effective January 1 2016)*
  This amendment was issued on May

12, 2014 and it serves to clarify that revenue-based depreciation is not considered an appropriate manifestation of consumption, and thus is prohibited. This amendment will have no impact on the Bank's financial statements.

- IFRS 11 – *Joint Arrangements (amendment effective January 1 2016)*
  This amendment requires an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business combination (as defined by IFRS 3 – Business Combinations) to:

  - Apply to the extent of its shares, all of the business combinations accounting principles in IFRS 3 and other IFRSs, except those that conflict with the requirements of IFRS 11
  - Disclose the information required in IFRS 3 and other IFRS regarding business combination

  This amendment is not anticipated to have a significant impact on the Bank's financial statements.

c. Consolidation

The Consolidated Financial Statements comprise the financial statements of the Bank and its subsidiaries for the year ended 30 September 2015. The financial statements of the Bank's subsidiaries 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 subsidiaries being consolidated are owned 100% 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 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, the Office of the Financial Services Ombudsman and the Financial Inclusion Development Agency (FIDA).

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 and FIDA, have not been consolidated with those of the Bank.

Extracts of the Parent's Financial Statements are included in Note 27.

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 (SDRs) using rates notified by the IMF. SDRs 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 four major currencies (the US dollar, euro, Japanese yen and the pound sterling) against the Trinidad and Tobago dollar. The TT:SDR rate as at 30 September 2015 was 0.112042.

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 market value of artwork

The estimated replacement value of artwork was primarily based on the valuation of an independent art consultant. The estimated market value was 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 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 cashflows 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 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.

l. Employee benefits

i. Pension Benefits

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

A Defined Benefit Plan is a pension plan that defines the amount of pension benefit that an

employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension benefit is based on the final salary of the employee.

An asset or liability recognised in the Statement of Financial Position in respect of the Plan is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of the Plan's assets, together with adjustments for any effect of limiting the net defined benefit to the asset ceiling.

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 this was completed in June 2015. In accordance with the advice of the actuaries, the Plan's costs of providing pensions are charged to the Statement of Comprehensive Income in order to spread the regular cost over the service lives of employees.

The Bank has adopted the amendments to IAS 19; therefore actuarial gains and losses would no longer be deferred but recognised immediately in the period in which they occur.

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

ii. Post-employment medical benefits

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

m. Notes and coins

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

n. Leases

i. Operating leases (as lessee)

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

ii. Finance leases (as lessor)

Where the Bank grants long-term leases on property, the land and the building are treated as a finance lease. These finance leases are valued at the lower of the gross investment less principal payments and any provisions in the lease, and the present value of the minimum lease payments

receivable at the Statement of Financial Position date and are shown as receivable. Lease income is recognised over the term 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 works-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 every three years 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 last revaluation was carried out in September 2013.

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

Building	-	40 years
Building improvements	-	10 years
Leasehold properties	-	over the period of the lease
Motor vehicles	-	3 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.

Its subsidiary, CB Services Limited, is subject to corporation tax at a rate of 25% on chargeable income in accordance with the Corporation Tax Act.

Deferred taxation arises from temporary differences between the tax base of assets and liabilities, and their carrying amounts in the Financial Statements.

CB Services Limited currently does not have any temporary difference and as such no adjustment for deferred taxation is required.

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 15 percent 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 22).

v. Reserves

Provision is made in Sections 35(3) and 35(6) of the Central Bank Act for the Bank to place in the General Reserve Fund or the Special Reserve Funds, or in both, an amount not exceeding ten percent (10%) of the net surplus of the Bank for each financial year, until the General Reserve Fund is equal to the Authorised Capital. At 30 September 2015, the General Reserve Fund increased by $33.7 million equalling to the amount of the Authorised capital of $800 million. This amount represents 4% of the net surplus of the Bank. The remaining 96% shall be transferred to the Consolidated Fund.

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.

4. Cash and cash equivalents

	Sep-15 $'000	Sep-14 $'000
Currency on hand	85,878	9,441
Balances held with banks	2,086,634	2,655,543
Repurchase agreements	3,542,002	4,009,544
Fixed deposits	32,142,846	27,716,766
Short-term investments	850,307	1,316,320
	38,707,667	**35,707,614**
Represented by:		
Foreign currency - cash and cash equivalents		
Currency on hand	73,367	959
Balances held with banks	389,530	872,833
Repurchase agreements	3,542,002	4,009,544
Fixed deposits	32,142,846	27,716,766
Short-term investments	850,307	1,316,320
	36,998,052	**33,916,422**
Local currency - cash and cash equivalents		
Cash on hand	12,511	8,482
Balances held with banks	1,697,104	1,782,710
	1,709,615	**1,791,192**
	38,707,667	**35,707,614**

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.

5. Investment securities

	Sep-15 $'000	Sep-14 $'000
Foreign currency investment securities		
Available for sale	26,232,196	28,577,388
Loans and advances	142,534	168,762
	26,374,730	**28,746,150**
Local currency investment securities		
Available for sale - Local securities	4,329,430	29,588
Loans and advances	160,218	159,133
	4,489,648	**188,721**
Total investment securities	**30,864,378**	**28,934,871**
Available for sale investments		
Foreign currency		
Amortised Cost	26,141,556	28,597,889
Appreciation in Market Value	(145,502)	(267,219)
Appreciation in Foreign Currency	236,142	246,718
	26,232,196	**28,577,388**
Local currency		
Bonds (Note 24)	4,325,008	25,166
Investments in related enterprises (Note 6)	4,422	4,422
	4,329,430	**29,588**
Total available for sale investments	**30,561,626**	**28,606,976**
Loans and advances		
Foreign currency		
Cost	142,534	168,762
	142,534	**168,762**
Local currency		
Loans and advances	160,260	229,173
Provision for doubtful debts	(42)	(70,040)
	160,218	**159,133**
Total loans and advances	**302,752**	**327,895**
Total investment securities	**30,864,378**	**28,934,871**

6. Investment in related enterprises

	Sep-15 $'000	Sep-14 $'000
Cost	**4,422**	**4,422**

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

	Sep-15 $'000	Sep-14 $'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.

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 2015

Financial Assets	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Asset-backed Securities:				
Auto Loan Receivable		1,168,288		1,168,288
Credit Card Receivable		1,460,733		1,460,733
Other Asset-backed Securities		447,973		447,973
Corporate Bonds		2,913,676		2,913,676
Mortgage-backed Securities:				
Federal Home Loan Mortgage Corporation (FHLMC)		260,103		260,103
Federal National Mortgage Association (FNMA)		616,251		616,251
Government National Mortgage Association (GNMA) 1		55,752		55,752
Collateralized Mortgage backed Securities (CMO)		170,279		170,279
Government Issues	14,002,630	9,020,974		23,023,604
Gold	438,225			438,225
Investments in related enterprises			4,422	4,422
Municipals		2,318		2,318
Artwork		14,269		14,269
Total	**14,440,855**	**16,130,618**	**4,422**	**30,575,895**

7. Fair value of assets and liabilities cont'd

Quantitative disclosures fair value measurement hierarchy for assets as at 30 September 2014

Assets	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Asset-backed Securities:				
Auto Loan Receivable		1,732,708		1,732,708
Credit Card Receivable		1,085,561		1,085,561
Corporate Bonds		3,864,561		3,864,561
Mortgage-backed Securities:				
Federal Home Loan Mortgage Corporation (FHLMC)		266,022		266,022
Federal National Mortgage Association (FNMA)		768,659		768,659
Government National Mortgage Association (GNMA) 1		22,192		22,192
Collateralized Mortgage backed Securities (CMO)		195,332		195,332
Other Mortgages		550,787		550,787
Government Issues	12,736,873	6,892,678		19,629,552
Gold	474,799			474,799
Investment in related enterprises			4,422	4,422
Municipals		12,383		12,383
Artwork		14,269		14,269
Total	**13,211,672**	**15,405,151**	**4,422**	**28,621,245**

7. Fair value of assets and liabilities cont'd

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 usingavailable 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.

b. Transfers between Fair Value Hierarchy Levels

There were no transfers between the hierarchy levels during the financial year (2014-2015)

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.

8. Retirement benefit asset

	Sep-15 $'000	Sep-14 $'000
Consolidated statement of financial position obligations for:		
- Pension plan	202,256	297,799
- Post-retirement medical plan	(22,716)	(21,550)
	179,540	**276,249**

a) Pension plan

	Sep-15 $'000	Sep-14 $'000
Defined benefit obligation	(645,023)	(541,319)
Fair value of assets	847,279	839,118
IAS 19 net defined asset	**202,256**	**297,799**
Reconciliation of opening and closing defined benefit assets		
Defined benefit asset at prior year end	(297,799)	(219,666)
Increase/(Decrease) in pension asset		
Net pension cost	5,446	13,637
Re-measurements of net define benefit asset/liability	95,996	(86,407)
Bank contribution paid	(5,899)	(5,363)
	95,543	(78,133)
Closing defined benefit asset	**(202,256)**	**(297,799)**
Amounts recognised in the earnings statement		
Current service cost	22,369	23,790
Net Interest on Net Defined Benefit Liability/(Asset)	(18,180)	(11,222)
Expense Allowance	1,257	1,069
Net pension cost	**5,446**	**13,637**
Re-measurements of net defined benefit asset/liability		
Experience losses/(gains)	95,996	(86,407)
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%	5.16%
Value of Pension Scheme Assset	Based on Estimated Fair Value at Balance Sheet Date	

8. Retirement benefit asset–cont'd

b) Post-Employment Medical Plan

	Sep-15 $'000	Sep-14 $'000
IAS 19 net defined obligation	**(22,716)**	**(21,550)**
Reconciliation of opening and closing defined benefit liability		
Defined benefit liability	(21,550)	(24,390)
(Decrease)/Increase in plan		
Net benefit cost	(2,537)	(2,633)
Re-measurements of net define benefit asset/liability	1,031	5,023
Bank contribution paid	340	450
	(1,166)	2,840
Closing defined benefit liability	**(22,716)**	**(21,550)**
Amounts recognised in the earnings statement		
Current service cost	(1,255)	(1,422)
Interest on defined benefit obligation	(1,282)	(1,211)
Net benefit cost	**(2,537)**	**(2,633)**
Return on plan assets: The plan holds no assets		
Actuarial assumptions		
Medical cost increases	5.00%	5.00%

9. Accounts receivable and prepaid expenses

	Sep-15 $'000	Sep-14 $'000
Foreign receivables		
Trade receivables - investments sold	3,664,721	5,901,435
Foreign interest receivable	87,904	94,952
Other receivables	6,930	3,611
	3,759,555	**5,999,998**
Accounts receivable and prepaid expenses		
Interest receivable on domestic investments	263	57,494
Amounts recoverable from CLF/GORTT (Note 24)	2,142,070	2,123,625
Other receivables	24,201	18,381
Prepayments	8,449	9,596
Suspense accounts	(11)	31
Value added tax	897	53
	2,175,869	**2,209,180**

10. Subscriptions to International Financial Institutions

	Sep-15 $'000	Sep-14 $'000
Banco Latino Americano De Exportaciones	23,595	31,334
Caribbean Development Bank	8,194	8,194
Caribbean Information and Credit Rating Services Ltd	1,665	1,668
Corporacion Andina de Formento	683,895	-
Inter-American Development Bank	6,694	6,694
International Bank for Reconstruction and Development	111,909	113,054
International Development Association	6,343	5,558
International Finance Corporation	333	333
International Monetary Fund	2,995,305	3,233,359
	3,837,933	**3,400,194**

In October 2014, the Bank subscribed to Series C shares of Common Capital Stock of Corporacion Andina de Formento (CAF) at a cost of $684.3 million. CAF is a development Bank comprised of various countries and Banks from Latin America, Caribbean andEurope. The holdings in Banco Latino Americano De Exportaciones (Bladex) are based on a quoted market price off the New York Stock Exchange of US$23.15/share as at 30 September 2015.

11. Other Assets

	Sep-15 $'000	Sep-14 $'000
Leased asset (a)	118,534	130,447
Stock of notes and coins (b)	107,519	129,889
Consumables	1,926	1,543
	227,979	**261,879**

a. 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-15 $'000	Sep-14 $'000
Gross receivable due	130,700	145,222
Present value of minimum lease payments	118,534	130,447
Total unearned finance income	**12,166**	**14,775**
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	58,089	72,611
	130,700	145,222
Less: unearned finance income	(12,166)	(14,775)
Net investment in finance leases	**118,534**	**130,447**

The net investment in finance leases is analysed as follows:

	Sep-15 $'000	Sep-14 $'000
Not later than one year	14,237	14,237
Later than one year but within five years	54,213	54,213
Later than five years	50,084	61,997
	118,534	**130,447**

11. Other assets cont'd

b. Stock of notes and coins

	Sep-15 $'000	Sep-14 $'000
Notes	73,734	94,381
Coins	33,785	35,508
	107,519	**129,889**

Inventory of notes

	Sep-15 $'000	Sep-14 $'000
Opening Balance	94,381	81,156
Cost of Notes issued	(42,540)	(41,192)
Purchase of Notes	21,893	68,174
Write-off (Destruction)	-	(13,757)
Closing Balance	**73,734**	**94,381**

Inventory of coins

	Sep-15 $'000	Sep-14 $'000
Opening Balance	35,508	21,428
Cost of coins issued	(36,722)	(33,986)
Purchase of coins	34,999	48,066
Closing Balance	**33,785**	**35,508**

12. Property, plant and equipment

	Land & Building	Leasehold Property	Machinery & Equipment	Computer Equipment	Furniture, Fixture & Fittings	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 30 September 2015							
Net book value							
Balance b/fwd 01 Oct 2014	140,154	10,679	19,943	15,886	31,255	2,254	220,171
Transfer	562	-	8,601	1,188	-	(10,351)	-
Additions	340	-	2,725	5,629	1,342	22,664	32,700
Disposals	-	-	(213)	(8)	(5)	-	(226)
Depreciation for the year	(14,517)	(7)	(10,153)	(7,124)	(3,516)	-	(35,317)
Balance c/fwd	126,539	10,672	20,903	15,571	29,076	14,567	217,328
Represented by:							
Cost	437,522	10,923	109,708	92,144	57,018	14,567	721,882
Accumulated depreciation	(310,983)	(251)	(88,805)	(76,573)	(27,942)	-	(504,554)
	126,539	10,672	20,903	15,571	29,076	14,567	217,328

	Land & Building	Leasehold Property	Machinery & Equipment	Computer Equipment	Furniture, Fixture & Fittings	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 30 September 2014							
Net book value							
Balance b/fwd 01 Oct 2013	133,028	7,898	17,850	11,724	27,118	11,850	209,468
Transfer	21,504	2,789	2,072	3,588	1,202	(31,155)	-
Additions	173	-	8,928	7,424	5,392	21,559	43,476
Disposals	-	-	(520)	(197)	(26)	-	(743)
Revaluation adjustment	-	-	-	-	1,105	-	1,105
Depreciation for the year	(14,551)	(8)	(8,387)	(6,653)	(3,536)	-	(33,135)
Balance c/fwd	140,154	10,679	19,943	15,886	31,255	2,254	220,171
Represented by:							
Cost	436,620	10,923	116,068	89,792	59,265	2,254	714,922
Accumulated depreciation	(296,466)	(244)	(96,125)	(73,906)	(28,010)	-	(494,751)
	140,154	10,679	19,943	15,886	31,255	2,254	220,171

12. Property, plant and equipment cont'd

	Land & Building	Leasehold Property	Machinery & Equipment	Computer Equipment	Furniture, Fixture & Fittings	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 30 September 2013							
Cost	414,942	8,134	106,756	79,179	52,248	11,850	673,109
Accumulated depreciation	(281,914)	(236)	(88,906)	(67,455)	(25,130)	-	(463,641)
	133,028	7,898	17,850	11,724	27,118	11,850	209,468

The Bank's artwork is stated at revalued amounts determined by an independent, qualified art consultant. An evaluation of artwork was carried out in September 2013 and was based primarily on similar artwork sold in both the local and international art market over the past five years (see Note 2 (o)).

The carrying amount of artwork if it was stated at cost would be as follows:

	Sep-15	Sep-14
	$'000	$'000
Cost	2,649	2,649

There was no movement in the revaluation surplus for artwork from September 2014 to September 2015.

Compensation of $113,341 was received from insurance claims for a motor vehicle that was written off during the reporting period. This amount is included in the Statement of Comprehensive Income.

13. Demand liabilities

Demand liabilities - foreign	Sep-15 $'000	Sep-14 $'000
Foreign deposits	3,713	5,396
Government special accounts	429,612	222,234
	433,325	**227,630**

Demand liabilities - local	Sep-15 $'000	Sep-14 $'000
Notes in circulation	8,270,823	7,211,972
Coins in circulation	218,251	206,632
Deposits by commercial banks	22,758,976	26,159,804
Deposits by non-banking financial institutions	394,589	393,373
Statutory deposits - insurance companies	42,074	49,417
Deposits by government and government agencies	(5,526,344)	(2,585,589)
Deposits by other current accounts	2,019,006	3,388,782
Deposits by regional and international institutions	210,104	36,740
	28,387,479	**34,861,131**

Deposits by financial institutions

The statutory cash reserves for commercial banks and non-bank financial institutions remained unchanged at 17 per cent and 9 per cent of their prescribed liabilities, respectively. The required reserve balances held by commercial banks increased by 18 per cent as at September 2015 while requirements for non-banks also increased by 15.5 per cent. This was as a result of their higher prescribed liabilities during the period under review.

In addition to the statutory cash reserve, the commercial banks continued to hold a secondary reserve of 2 per cent of their prescribed liabilities. A fixed rate of 0.25 per cent was paid on these holdings.

13. Demand liabilities cont'd

As part of the Central Bank's monetary policy to withdraw excess liquidity, commercial banks continued to hold special deposits at the Central Bank. As at 30 September, 2015, there were four one-year deposits as follows:-

- A deposit of $2.0 billion which matures on 30 October 2015;
- A deposit of $1.5 billion which matures on 29 December 2015;
- A special fixed deposit of $1.5 million which matures on 14 March 2016;
- A special fixed deposit of $1 billion which matures on 2 May 2016.

Interest paid to commercial banks on these fixed deposits during the fiscal year amounted to $13.2 million.

14. Accounts payable

Accounts payable - Foreign	Sep-15 $'000	Sep-14 $'000
Bilateral accounts	2,728	25
Pending Trades - Investments Purchased	3,884,106	6,713,673
Other Payables	7,591	16,068
	3,894,425	**6,729,766**

Accounts payable - Local	Sep-15 $'000	Sep-14 $'000
Trade payables and accrued charges	68,119	59,941
Interest payable	15,847	26,611
Unclaimed monies	15,847	13,993
Government special accounts	141,801	145,152
Blocked accounts	38,417,025	26,054,652
Promissory Notes due to First Citizens Bank Ltd. (Note 24)	1,647,132	1,873,867
Other payables	22,360	31,912
	40,328,131	**28,206,128**

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:

Provisions	Sep-15 $'000	Sep-14 $'000
Gold reserve	238,673	276,189
Foreign currency exchange rate reserves	3,808,005	4,155,413
Pension reserve	179,540	276,249
Revaluation reserve on investments	(114,342)	(47,347)
	4,111,876	**4,660,504**

16. Income from foreign currency assets

	Sep-15 $'000	Sep-14 $'000
Investment Income		
Interest on United States Dollar balances & securities	433,947	324,540
Interest on Sterling balances & securities	1,457	1,373
Interest on other foreign balances & securities	1,031	2,222
Dividends from Bladex	1,534	1,385
	437,969	**329,520**
Investment expenses	(24,871)	(25,750)
Loss from currency translations	(121,090)	(33,088)
Net loss realised on disposal and amoritisation of investment		
Gains realised on disposal of investments	132,671	17,239
Losses realised on disposal of investments	(216,932)	(269,249)
	(84,261)	**(252,010)**
Total Income from foreign assets	**207,747**	**18,672**

17. Income from local currency assets

Interest Income	Sep-15 $'000	Sep-14 $'000
Loans	841,648	501,279
Other investments	49,073	9,676
	890,721	**510,955**
Other Income		
General earnings	142	1,604
Income from International Monetary Fund	390	1,010
Dividends	-	11,532
Fees charged to financial institutions	55,938	48,235
Profit on sale of assets	691	143
Heritage and Stabilisation Fund management fees	10,894	10,448
Profit on sale of investments in related entities	-	233,600
Other	1,248	1,299
	69,303	**307,871**

18. Other Operating expenses

Other operating expenses include:	Sep-15 $'000	Sep-14 $'000
50th Anniversary expenses	3,265	9,280
Advertising and public relations	5,207	4,683
CL Financial expenses (Note 24)	6,334	981
Computer expenses	16,466	13,301
Conferences and Meetings	6,542	4,582
Contribution to other Organizations	2,346	2,673
Electricity	4,216	4,158
Insurance	2,401	2,614
Library Expenses	2,860	2,915
Loss on disposal of assets	69	17
Loss on sale of investment in related parties	-	7,600
Maintenance cost	27,699	29,253
Printing and stationery	2,813	3,282
Professional fees	8,115	6,654
Rent	3,700	3,475
Telephone	5,527	5,038
Other Expenses	3,732	287
	101,292	**100,793**

19. Taxation

	Sep-15 $'000	Sep-14 $'000
Net surplus before taxation	699,732	329,888
Corporation tax @ 25%	174,933	82,472
Income/expenses not subject to tax	(174,933)	(82,472)
Business levy	-	-
Tax charge	-	-

20. Capital Commitments

There was a $2.5 million in outstanding commitments for capital expenditure as at 30 September 2015 (30 September 2014 -$3.3 million).

21. Leasehold obligations – operating leases

a. Operating leases where the Bank is the lessor

The Bank currently has two lease arrangements for offices located in the Bank's building. The tenants are charged a 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.

22. Capital

	Sep-15 $'000	Sep-14 $'000
Authorised capital	800,000	800,000
Paid-up capital	800,000	800,000

23. 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 shouldbe 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-15 $'000	Sep-14 $'000
Interest income from local currency assets	882,860	501,943
Interest expense	53,786	50,630
Assets		
Local currency investment securities	4,325,008	25,165
Liabilities		
Demand liabilities - foreign	429,612	222,234
Demand liabilities - local	(4,276,754)	(1,316,111)
Accounts payable	38,452,799	26,093,442

b. Related Enterprises

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

	Sep-15 $'000	Sep-14 $'000
Income		
Dividend Income	-	4,572
Rental Income	944	944
Other Income	148	148
	1,092	**5,664**
Expenditure		
Salaries and related expenditure	1,716	1,573
Ending period balances		
Investments in related enterprises	4,422	4,422
Receivables from related enterprises	3,516	486
Payables to related enterprises	57,060	2,388

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-15 $'000	Sep-14 $'000
Short-term employee benefits	65,793	61,787
Directors' Fees	828	997

24. 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 and liabilities:

	Sep-15 $'000	Sep-14 $'000
Assets		
Amounts recoverable from CLF/GORTT	2,142,070	2,123,625
Liabilities		
Promissory Notes due to First Citizens Bank Limited	1,647,132	1,873,867

During the current year, with the approval of the Minister of Finance and Economy, the Bank began to repay the US$ Promissory Note due to First Citizens. Arrangements have been made to repay both the US$ Promissory Note and the TT$ Promissory Note by April 1, 2016.

The Bank has been named as a party to the ongoing Commission of Enquiry into CLF and its related financial institutions. The Bank has incurred significant legal and professional fees associated with this matter.

In addition, 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 18.

In October 2014, the Bank working with the GORTT facilitated the sale of certain assets held by the CLF Group. As a result of this transaction, the Bank received funds of approximately $7.5 billion and issued liabilities of an equivalent amount. In April 2015, the Bank facilitated a transfer of $4.2 billion to Government; this resulted in an investment in a Treasury Bill of an equivalent amount in the Bank's books (see Note 5).

25. 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 can be concluded that the outcome of these matters would not have a material adverse effect on the position of the Bank.

26. Statement of Financial Position-Current/Non-Current distinction

	Sep-15		
	Current	Non-Current	Total
ASSETS	$'000	$'000	$'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**
LIABILITIES			
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	28,360,334	27,145	28,387,479
Accounts payable	131,750	40,196,381	40,328,131
Provision for transfer of surplus to government	809,011	-	809,011
Provisions	-	4,111,876	4,111,876
	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**

26. Statement of Financial Position-Current/Non-Current distinction cont'd

	Sep-14		
	Current	Non-Current	Total
ASSETS	$'000	$'000	$'000
Foreign currency assets			
Foreign currency cash and cash equivalents	33,916,422	-	33,916,422
Foreign currency investment securities	14,345,437	14,400,713	28,746,150
Foreign receivables	5,999,998	-	5,999,998
Subscriptions to international financial institutions	-	3,400,194	3,400,194
International Monetary Fund - Holdings of Special Drawing Rights	-	2,656,812	2,656,812
	54,261,857	**20,457,719**	**74,719,576**
Local currency assets			
Local currency cash and cash equivalents	1,791,192	-	1,791,192
Local currency investment securities	6,731	181,990	188,721
Retirement benefit asset	-	276,249	276,249
Accounts receivable and prepaid expenses	39,903	2,169,277	2,209,180
Other assets	1,543	260,336	261,879
Property, plant and equipment	-	220,171	220,171
	1,839,369	**3,108,023**	**4,947,392**
TOTAL ASSETS	**56,101,226**	**23,565,742**	**79,666,968**
LIABILITIES			
Foreign currency liabilities			
Demand liabilities - foreign	227,630	-	227,630
International Monetary Fund - Allocation of Special Drawing Rights	-	3,093,995	3,093,995
Accounts Payable	6,729,766	-	6,729,766
	6,957,396	**3,093,995**	**10,051,391**
Local currency liabilities			
Demand liabilities - local	34,861,131	-	34,861,131
Accounts payable	1,986,155	26,219,973	28,206,128
Provision for transfer of surplus to government	177,364	-	177,364
Provisions	-	4,660,504	4,660,504
	37,024,650	**30,880,477**	**67,905,127**
CAPITAL AND RESERVES			
Capital	-	800,000	800,000
General Reserve	-	766,279	766,279
Retained Earnings	-	144,171	144,171
	-	**1,710,450**	**1,710,450**
TOTAL LIABILITIES, CAPITAL AND RESERVES	**43,982,046**	**35,684,922**	**79,666,968**

27. Parent

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

Statement of Financial Position
As at 30 September 2015

	Sep-15 $'000	Sep-14 $'000
ASSETS		
Foreign currency assets		
Foreign currency cash and cash equivalents	36,998,052	33,916,422
Foreign currency investment securities	26,374,730	28,746,150
Foreign receivables	3,759,555	5,999,998
Subscriptions to international financial institutions	3,837,933	3,400,194
International Monetary Fund - Holdings of Special Drawing Rights	2,461,370	2,656,812
	73,431,640	**74,719,576**
Local currency assets		
Local currency cash and cash equivalents	1,709,615	1,791,192
Local currency investment securities	4,489,648	188,721
Retirement benefit asset	179,540	276,249
Accounts receivable and prepaid expenses	2,176,118	2,209,429
Other assets	227,979	261,879
Property, plant and equipment	217,328	220,171
	9,000,228	**4,947,641**
TOTAL ASSETS	**82,431,868**	**79,667,217**

27. Parent cont'd

Statement of Financial Position
As at 30 September 2015

	Sep-15 $'000	Sep-14 $'000
LIABILITIES		
Foreign currency liabilities		
Demand liabilities - foreign	433,325	227,630
International Monetary Fund - Allocation of Special Drawing Rights	2,866,201	3,093,995
Accounts Payable	3,894,425	6,729,766
	7,193,951	**10,051,391**
Local currency liabilities		
Demand liabilities - local	28,387,479	34,861,131
Accounts payable	40,329,551	28,350,548
Provision for transfer of surplus to government	809,011	177,364
Provisions	4,111,876	4,660,504
	73,637,917	**68,049,547**
CAPITAL AND RESERVES		
Capital	800,000	800,000
General Reserve	800,000	766,279
	1,600,000	**1,566,279**
TOTAL LIABILITIES, CAPITAL AND RESERVES	**82,431,868**	**79,667,217**

27. Parent cont'd

Statement of Comprehensive Income
For the year ended 30 September 2015

	Sep-15 $'000	Sep-14 $'000
Income from foreign currency assets		
Investment income	437,969	329,520
Investment expense	(24,871)	(25,750)
	413,098	303,770
Loss from currency translations	(121,090)	(33,088)
Net (loss)/gains realised on disposal and amortisation of investments	(84,261)	(252,010)
	207,747	**18,672**
Income from local currency assets		
Interest income	890,721	510,955
Rental income	2,971	3,053
Other income	212,303	174,911
	1,105,995	**688,919**
Decrease in provisions	159,251	-
Total income	**1,472,993**	**707,591**
Operating expenses		
Printing of notes and minting of coins	81,157	89,933
Salaries and related expenses	329,050	136,956
Interest paid	80,007	81,395
Directors' fees	826	992
Depreciation	35,317	33,135
Other operating expenses	103,904	100,650
Increase in provisions	-	67,459
Total operating expenses	**630,261**	**510,520**
Net surplus for the period	**842,732**	**197,071**
Total comprehensive income for the period	**842,732**	**197,071**

27. Parent cont'd

Statement of Changes in Equity
For the year ended 30 September 2015

	Issued and Fully Paid Up Capital $'000	General Reserves $'000	Retained Earnings $'000	Total $'000
Balance as at 1 October 2013	800,000	746,572	-	1,546,572
Net surplus for the period	-	-	197,071	197,071
Transfer of surplus to Consolidated Fund	-	-	(177,364)	(177,364)
Transfer to General Reserve	-	19,707	(19,707)	-
Balance as at 30th September 2014	800,000	766,279	-	1,566,279
Balance as at 1 October 2014	800,000	766,279	-	1,566,279
Net surplus for the period	-	-	842,732	842,732
Transfer of surplus to Consolidated Fund	-	-	(809,011)	(809,011)
Transfer to General Reserve	-	33,721	(33,721)	-
Balance as at 30 September 2015	800,000	800,000	-	1,600,000

27. Parent cont'd

Statement of Cash Flows
For the year ended 30 September 2015

	Sep-15 $'000	Sep-14 $'000
Cash flows from operating activities		
Net surplus for the year before taxation	842,732	197,071
Adjustments for:		
Depreciation	35,317	33,135
Net gain on disposal of fixed assets	(622)	(126)
Interest income	(1,327,156)	(839,090)
Interest expense	80,007	81,395
Dividend income	(144,534)	(5,957)
Provisions	(159,251)	67,459
Revaluation of Artwork	-	(1,105)
Cash outflow before changes in operating assets and liabilities	**(673,507)**	**(467,218)**
Changes in operating assets and liabilities		
(Increase)/Decrease in accounts receivable & prepaid expenses	2,202,018	(1,265,647)
(Increase)/Decrease in other assets	21,987	(27,443)
(Increase)/Decrease in pension asset	96,709	(80,973)
Increase in accounts payable and other liabilities	2,886,469	4,304,826
Net cash flow from operations	**4,533,676**	**2,463,545**
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,700)	(43,476)
Proceeds from sale of property, plant and equipment	848	869
Net purchase of investments	(3,157,158)	(1,372,037)
Net repayment of loans and advances	95,143	71,402
Interest received	1,391,435	810,653
Dividends received	144,534	5,957
Interest paid	(90,771)	(95,758)
Net (increase) in International Monetary Fund Holding of Special Drawing Drawing Rights and Allocation account	(32,352)	(3,747)
Payment to Consolidated Fund	(177,364)	(392,550)
Net cash flow used in investing activities	**(1,858,385)**	**(1,018,687)**
Cash flows from financing activities		
Lease payment	11,913	11,680
Net cash flow from financing activities	**11,913**	**11,680**
Net increase in cash and cash equivalents	2,687,204	1,456,538
Foreign currency differences in monetary assets & liabilities	312,849	(400,762)
Cash and cash equivalents, beginning of period	35,707,614	34,651,838
Cash and cash equivalents, end of period	**38,707,667**	**35,707,614**

APPENDICES

2014-2015

TABLE A.1
CURRENCY IN CIRCULATION
2010 - 2015
(Dollars Thousand)

End of Month	Notes (Old TT)	Notes (Republic)	Total Notes in Circulation	Coins	Total Currency in Circulation
Sep-10	19,044	4,543,137	4,562,181	166,862	4,729,043
Sep-11	19,043	4,998,895	5,017,938	175,127	5,193,065
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	7,184,466	7,203,510	206,619	7,410,129
Oct-14	19,044	7,262,105	7,281,149	207,624	7,488,773
Nov-14	19,044	7,374,676	7,393,720	208,826	7,602,546
Dec-14	19,044	8,140,852	8,159,896	210,090	8,369,986
Jan-15	19,044	7,471,811	7,490,855	210,435	7,701,290
Feb-15	19,044	7,615,036	7,634,080	211,112	7,845,192
Mar-15	19,044	7,892,947	7,911,991	212,156	8,124,147
Apr-15	19,044	7,802,366	7,821,410	213,001	8,034,411
May-15	19,044	7,868,336	7,887,380	213,985	8,101,365
Jun-15	19,044	7,913,658	7,932,702	215,158	8,147,860
Jul-15	19,044	7,961,375	7,980,419	216,181	8,196,600
Aug-15	19,044	8,087,983	8,107,027	217,015	8,324,042
Sep-15	19,044	8,258,336	8,277,380	218,238	8,495,618

Source: Central Bank of Trinidad and Tobago

	LIABILITIES								ASSETS							
		DEPOSITS							EXTERNAL ASSETS							
End of Month	Currency in Circulation Total	Commercial Banks	Non-Bank Financial Instiutions	1 Government & Governmental Organisations	International Organisations	Other Liabilities	Capital & Reserve Funds	Total Liabilities	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
2013/14																
OCTOBER	6,654,760	26,714,196	344,055	(2,656,958)	3,116,665	38,241,770	1,546,572	73,961,060	32,787,915	26,979,264	3,257,051	162,749	2,675,735	311,162	7,787,184	73,961,060
NOVEMBER	6,824,341	26,546,587	349,222	(3,075,066)	3,161,213	36,833,634	1,546,572	72,186,503	31,409,656	27,304,230	3,303,605	163,155	2,714,089	311,443	6,980,325	72,186,503
DECEMBER	7,428,677	26,094,751	344,243	1,221,236	3,161,213	37,612,646	1,546,572	77,409,338	35,724,424	28,378,036	3,303,605	164,655	2,714,089	311,917	6,812,612	77,409,338
JANUARY	6,793,250	25,958,564	347,095	1,804,871	3,161,213	37,759,653	1,546,572	77,371,218	34,797,170	28,297,820	3,303,605	161,763	2,714,089	316,811	7,779,960	77,371,218
FEBRUARY	7,145,732	26,236,727	347,056	837,241	3,161,213	38,281,640	1,546,572	77,556,181	34,403,130	28,653,375	3,303,605	161,955	2,714,230	328,157	7,991,729	77,556,181
MARCH	7,037,855	27,356,945	343,200	923,349	3,161,213	40,585,350	1,546,572	80,954,484	36,760,011	28,070,291	3,303,605	162,975	2,714,230	311,473	9,631,899	80,954,484
APRIL	7,094,287	27,828,461	346,837	(440,867)	3,202,702	39,759,788	1,546,572	79,337,780	36,621,204	28,016,447	3,346,963	162,368	2,749,832	304,666	8,136,300	79,337,780
MAY	7,103,647	28,112,016	354,252	(1,620,782)	3,202,702	39,696,072	1,546,572	78,394,479	35,859,281	27,236,741	3,346,963	163,286	2,750,017	195,467	8,842,724	78,394,479
JUNE	7,147,162	26,569,158	362,051	85,701	3,202,702	39,773,324	1,546,572	78,686,670	36,846,861	27,133,002	3,346,963	165,964	2,750,017	196,612	8,247,251	78,686,670
JULY	7,322,937	25,001,039	379,839	944,243	3,202,702	38,969,267	1,546,572	77,366,599	35,984,147	26,433,790	3,346,963	165,836	2,750,017	197,623	8,488,223	77,366,599
AUGUST	7,276,874	26,105,900	393,443	(1,205,302)	3,093,995	38,664,322	1,546,572	75,875,804	34,566,176	26,142,650	3,233,359	168,131	2,656,812	198,084	8,910,592	75,875,804
SEPTEMBER	7,418,605	26,159,804	393,372	839,933	3,093,995	40,195,229	1,566,279	79,667,217	33,916,423	28,746,150	3,233,359	166,835	2,656,812	188,721	10,758,917	79,667,217
2014/15																
OCTOBER	7,478,460	27,946,867	385,228	(3,743,561)	3,093,995	47,171,385	1,566,279	83,898,653	39,050,230	28,974,475	3,233,359	853,991	2,656,812	190,437	8,939,349	83,898,653
NOVEMBER	7,589,538	28,393,239	391,637	(4,772,553)	3,093,995	46,639,506	1,566,279	82,901,641	39,775,121	24,306,512	3,233,359	852,655	2,656,883	195,998	11,881,113	82,901,641
DECEMBER	8,360,585	26,831,961	387,279	(3,162,009)	3,093,995	46,400,995	1,566,279	83,479,085	40,544,554	28,386,416	3,233,359	851,551	2,656,883	191,736	7,614,586	83,479,085
JANUARY	7,689,582	25,750,785	387,408	(3,561,510)	3,093,995	45,964,232	1,566,279	80,890,771	38,157,822	29,236,571	3,233,359	846,572	2,656,883	192,078	6,567,486	80,890,771
FEBRUARY	7,834,610	24,204,133	388,633	(4,851,989)	3,093,995	47,174,221	1,566,279	79,409,882	36,700,313	28,743,913	3,233,359	848,766	2,656,950	230,472	6,996,109	79,409,882
MARCH	8,112,436	22,783,728	388,095	633,470	2,791,895	49,016,690	1,566,279	85,292,593	38,066,300	28,688,381	2,917,652	852,942	2,397,523	4,451,798	7,917,997	85,292,593
APRIL	8,023,206	24,920,449	393,868	(356,394)	2,866,201	48,894,797	1,566,279	86,308,406	37,690,427	28,924,992	2,995,305	852,617	2,461,285	4,512,412	8,871,368	86,308,406
MAY	8,090,464	24,315,897	386,803	(2,514,081)	2,866,201	48,409,674	1,566,279	83,121,237	36,667,692	28,650,384	2,995,305	847,933	2,461,333	4,627,727	6,870,863	83,121,237
JUNE	8,137,113	24,155,737	384,658	(3,050,848)	2,866,201	48,851,922	1,566,279	82,911,062	38,364,034	26,682,711	2,995,305	851,688	2,461,333	4,567,530	6,988,461	82,911,062
JULY	8,186,202	25,408,894	377,109	(3,797,722)	2,866,201	49,927,367	1,566,279	84,534,330	37,739,003	26,503,974	2,995,305	844,464	2,461,333	4,514,765	9,475,486	84,534,330
AUGUST	8,314,505	23,091,454	383,092	(3,523,509)	2,866,201	47,996,672	1,566,279	80,694,694	37,564,216	26,278,938	2,995,305	842,483	2,461,370	4,526,214	6,026,168	80,694,694
SEPTEMBER	8,489,075	22,758,975	394,589	(3,297,234)	2,866,201	49,620,262	1,600,000	82,431,868	36,998,052	26,374,730	2,995,305	842,628	2,461,370	4,489,648	8,270,135	82,431,868

Source: Central Bank of Trinidad and Tobago

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

2 Includes Foreign Currencies on hand

TABLE A.3
COMMERCIAL BANKS:
AVERAGE DEPOSIT LIABILITIES, REQUIRED CASH RESERVES AND ACTUAL CASH RESERVES
for Period Ending September 2015

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves ($000)	Average Cash Reserves ($000)
01-Oct-14	74,638,682	12,688,576	17,658,380
08-Oct-14	74,956,365	12,742,582	18,370,123
15-Oct-14	74,854,206	12,725,215	20,049,954
22-Oct-14	74,840,165	12,722,828	20,165,233
29-Oct-14	62,610,724	10,643,823	17,670,543
05-Nov-14	75,097,159	12,766,517	20,830,136
12-Nov-14	75,694,659	12,868,092	20,628,248
19-Nov-14	76,411,200	12,989,904	19,868,097
26-Nov-14	76,929,400	13,077,998	20,108,072
03-Dec-14	77,105,294	13,107,900	20,814,476
10-Dec-14	77,502,712	13,175,461	19,869,829
17-Dec-14	77,671,388	13,204,136	19,792,802
24-Dec-14	77,840,794	13,232,935	20,044,971
31-Dec-14	78,464,535	13,338,971	19,262,670
07-Jan-15	79,135,700	13,453,069	19,560,771
14-Jan-15	79,533,647	13,520,720	20,378,478
21-Jan-15	79,906,865	13,584,167	18,688,383
28-Jan-15	80,178,659	13,630,372	18,736,242
04-Feb-15	79,706,318	13,550,074	18,390,379
11-Feb-15	79,304,318	13,481,734	17,436,607
18-Feb-15	78,947,941	13,421,150	17,110,612
25-Feb-15	78,552,965	13,354,004	16,677,707
04-Mar-15	78,655,041	13,371,357	17,406,625
11-Mar-15	78,728,141	13,383,784	16,534,306
18-Mar-15	78,658,059	13,371,870	16,771,279
25-Mar-15	78,422,129	13,331,762	16,217,244
01-Apr-15	78,142,988	13,284,308	15,186,217
08-Apr-15	78,075,829	13,272,891	15,878,352
15-Apr-15	77,838,694	13,232,578	16,269,016
22-Apr-15	77,671,353	13,204,130	16,560,636
29-Apr-15	77,391,659	13,156,582	16,586,651
06-May-15	77,142,294	13,114,190	16,411,362
13-May-15	77,057,282	13,099,738	16,287,536
20-May-15	77,005,771	13,090,981	16,642,798
27-May-15	76,854,924	13,065,337	16,414,704
03-Jun-15	76,816,059	13,058,730	16,526,997
10-Jun-15	77,070,176	13,101,930	16,457,934
17-Jun-15	77,244,935	13,131,639	16,143,969
24-Jun-15	77,555,929	13,184,508	16,610,871
01-Jul-15	77,556,359	13,184,581	16,574,558
08-Jul-15	77,578,665	13,188,373	16,502,557
15-Jul-15	77,531,224	13,180,308	16,305,466
22-Jul-15	77,398,224	13,157,698	16,323,739
29-Jul-15	77,440,618	13,164,905	16,696,596
05-Aug-15	77,227,194	13,128,623	17,362,114
12-Aug-15	77,388,594	13,156,061	17,643,377
19-Aug-15	77,635,359	13,198,011	16,507,085
26-Aug-15	77,862,606	13,236,643	14,990,775
02-Sep-15	77,895,688	13,242,267	16,148,781
09-Sep-15	77,945,824	13,250,790	16,603,751
16-Sep-15	78,020,924	13,263,557	16,933,353
23-Sep-15	78,075,812	13,272,888	17,315,545
30-Sep-15	78,754,888	13,388,331	15,183,878

TABLE A.4
NON-BANK FINANCIAL INSTITUTIONS: AVERAGE DEPOSIT LIABILITIES, REQUIRED CASH RESERVES AND ACTUAL CASH RESERVES
for Period Ending September 2015

Reserve Period Ending	Average Deposit Liabilities ($000)	Required Cash Reserves ($000)	Average Cash Reserves ($000)
01-Oct-14	2,033,067	182,976	201,916
08-Oct-14	2,029,889	182,690	196,450
15-Oct-14	2,017,244	181,552	198,338
22-Oct-14	2,009,356	180,842	194,464
29-Oct-14	2,008,822	180,794	199,126
05-Nov-14	2,010,989	180,989	194,610
12-Nov-14	2,016,200	181,458	195,075
19-Nov-14	2,012,856	181,157	199,603
26-Nov-14	2,010,778	180,970	194,234
03-Dec-14	2,001,744	180,157	193,337
10-Dec-14	2,018,278	181,645	194,825
17-Dec-14	2,028,522	182,567	195,747
24-Dec-14	2,035,856	183,227	196,406
31-Dec-14	2,035,978	183,238	196,467
07-Jan-15	2,024,611	182,215	195,292
14-Jan-15	2,023,111	182,080	195,295
21-Jan-15	2,026,222	182,360	194,980
28-Jan-15	2,043,467	183,912	206,017
04-Feb-15	2,046,022	184,142	211,142
11-Feb-15	2,052,056	184,685	208,708
18-Feb-15	2,052,211	184,699	197,727
25-Feb-15	2,052,944	184,765	202,532
04-Mar-15	2,064,989	185,849	205,189
11-Mar-15	2,057,900	185,211	199,979
18-Mar-15	2,052,067	184,686	199,390
25-Mar-15	2,043,011	183,871	198,447
01-Apr-15	2,045,311	184,078	196,895
08-Apr-15	2,067,589	186,083	201,237
15-Apr-15	2,087,678	187,891	202,435
22-Apr-15	2,113,544	190,219	204,763
29-Apr-15	2,112,011	190,081	210,122
06-May-15	2,090,200	188,118	202,664
13-May-15	2,071,522	186,437	211,979
20-May-15	2,049,533	184,458	200,421
27-May-15	2,031,456	182,831	197,875
03-Jun-15	2,030,178	182,716	198,739
10-Jun-15	2,031,544	182,839	190,805
17-Jun-15	2,033,789	183,041	198,491
24-Jun-15	2,038,433	183,459	196,149
01-Jul-15	2,038,889	183,500	203,095
08-Jul-15	2,026,144	182,353	194,089
15-Jul-15	1,998,600	179,874	191,439
22-Jul-15	1,970,689	177,362	189,865
29-Jul-15	1,950,144	175,513	189,123
05-Aug-15	1,936,722	174,305	188,060
12-Aug-15	1,941,189	174,707	190,378
19-Aug-15	1,972,256	177,503	191,238
26-Aug-15	1,999,422	179,948	194,635
02-Sep-15	2,016,700	181,503	196,250
09-Sep-15	2,026,756	182,408	196,752
16-Sep-15	2,034,889	183,140	199,513
23-Sep-15	2,051,156	184,604	202,137
30-Sep-15	2,086,411	187,777	203,777

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