

Deposit Insurance Corporation



ANNUAL REPORT

2022



Deposit Insurance Corporation of Guyana

Bank of Guyana Building, 1 Avenue of the Republic, Georgetown, Guyana
Tel: (592) 226-3250-9, (592) 226-3261-5; Email: dicg@bankofguyana.org.gy

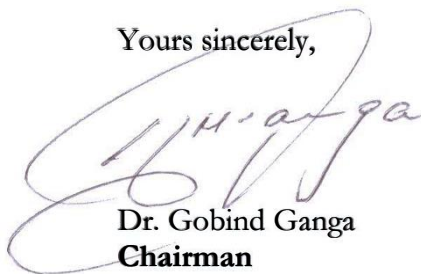
March 20, 2023

Hon. Dr. Ashni K. Singh
Senior Minister
Office of the President
with Responsibility for Finance
Ministry of Finance
Main & Urquhart Streets
Georgetown

Dear Minister:

In accordance with Section 22 (1) of the Deposit Insurance Act 2018, I have the honour to submit to you the Annual Report of the Deposit Insurance Corporation including a certified copy of the External Auditor's report on the Financial Statements of the Corporation and the Deposit Insurance Fund, in respect of the year ended December 2022.

Yours sincerely,



Dr. Gobind Ganga
Chairman



Deposit Insurance Corporation of Guyana

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CHAIRMAN'S REMARKS

The Deposit Insurance Corporation (the Corporation/DIC) has completed three years since its establishment in 2019 and has been working diligently to progress its development. Therefore, it is with great pleasure, we present the 3rd Annual Report of the DIC for the financial year ended December 31, 2022.

The global economy experienced a few challenges in 2022 which led to its slowdown. The World Economic Report for October 2022 attributes this to the high cost of living, tightening financial conditions in most regions, Russia's invasion of Ukraine and the lingering effects of the COVID-19 pandemic, all bearing weight on global performance.

Nevertheless, measures to enhance the regulatory framework for member financial institutions (MFIs) continued as the Bank of Guyana issued an upgraded guideline for the implementation of Pillar 1 of the Basel II accord in January 2022. The new standards require capital to be held against stricter risk weights for assets on the balance sheet. Moreover, ongoing monitoring of the MFIs is carried out by the Supervision team and risk performances are reported to the Board quarterly.

For the review period, premiums remain fixed at a bi-annual rate of 0.25 percent of average insurable deposits held by MFIs. During the year the Deposit Insurance Fund increased by 26.4 percent or \$727 million which now brings the total Fund size to \$3.5 billion at the end-2022. This growth resulted mainly due to premiums paid by the MFIs, assisted by earnings on investment activities.

The performance of DIC member institutions remained resilient, evidenced by robust capital and solvency levels which were consistently above the prudential standards for the financial institutions. Profitability levels increased against improving asset quality, liquidity, increased demand and supply of credit. This together with the regulatory and supervisory oversight employed by the Bank of Guyana, contributed to the sustenance of a safe and sound banking system.

In 2023, the Corporation continues to further strengthen its operational readiness and promote public confidence in the financial sector through awareness programmes, alongside providing full protection for 93 percent of depositors in MFIs at the current \$2 million coverage limit. This level of coverage is consistent with the



Corporation's mandate and target objectives.

I would like to express my sincere gratitude to our Board of Directors and assigned staff for their continued

dedication and commitment over the last year, and as we move forward, I anticipate their continued support.

Yours sincerely,

Dr. Gobind Ganga
Chairman
Deposit Insurance Corporation

MISSION

To foster the stability and public confidence in Guyana's financial sector by providing insurance coverage against depositors' fund and contributing resources to the resolution of member financial institutions.

VISION

To achieve operational readiness for timely compensation and depositors' awareness that will support an effective deposit insurance system.

OUR CORE VALUES

Accountability - To operate transparently and take responsibility in all aspects of our work.

Integrity - To exhibit the highest ethical standard in the performance of our duty.

Teamwork - To collaborate extensively with all stakeholders in the commitment to financial stability.

Adaptability - To be proactive to a changing environment for an effective deposit insurance system.

Communication - To ensure full and prompt sharing of information with depositors and other stakeholders.

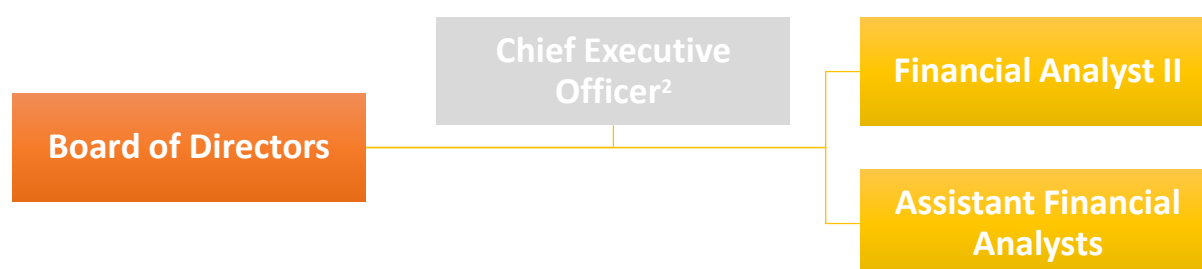
The Board

The Board of Directors of the Deposit Insurance Corporation are appointed in accordance with Section 12 (1) of the Deposit Insurance Act 2018 (DIA). The Board is currently responsible for the supervision and policy of the Corporation. During 2021, statutory meetings were held four times. As prescribed under section 13 (1) of the DIA, the Board was comprised of the following individuals¹:

- | | | |
|-------------------------|---|---|
| 1. Dr. Gobind Ganga | – | Chairman |
| 2. Ms. Pauline Chase | – | Independent Director (Legal) |
| 3. Mr. O'Neil Greaves | – | Independent Director (Economics and Policy) |
| 4. Mr. Navindra Prashad | – | Independent Director (Accounting and Finance) |

During the year 2022, the term of appointment for Ms. Pauline Chase expired on January 31, 2022 and as permitted under section 13 (3) of the DIA, Ms. Chase has been reappointed until 2025.

Organizational Structure²



¹ The position of the representative of the Minister responsible for Finance is vacant. A representative is to be nominated.

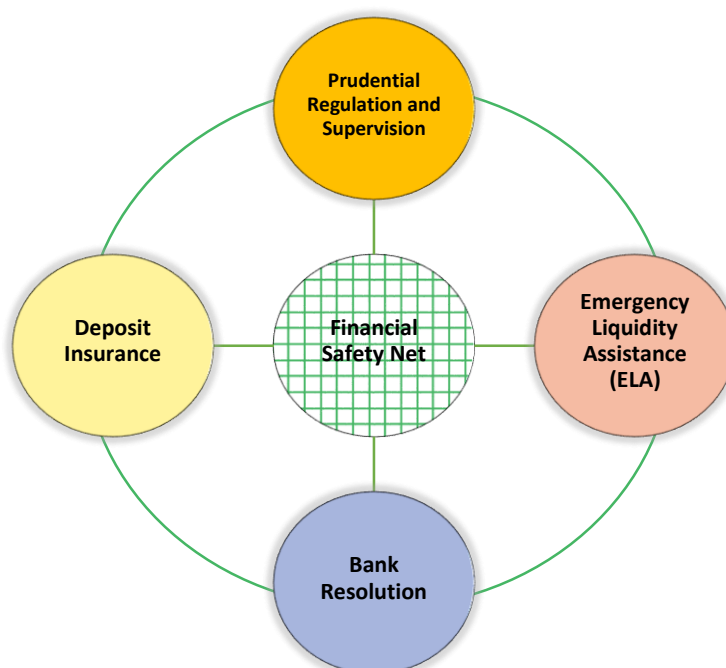
² The position of the Chief Executive Officer will be filled when the operating activities of the DIC becomes substantial and no longer depends on the resources of the Bank of Guyana.

Background

The need for deposit insurance stemmed from past experience by the Bank of Guyana (BOG) with a financial institution's failure in 2001 and the resulting shock to depositors confidence which caused brief and temporary deposit runs on two commercial banks. These have been resolved over time. The lengthy process to resolve a failed financial institution reinforced the need for an adequate system to facilitate an orderly resolution or liquidation process.

The Financial Sector Assessment Program (FSAP) conducted by the International Monetary Fund and World Bank made recommendations in 2016 for the implementation of a Deposit Insurance System (DIS) in Guyana. To make this possible, an amendment to the Financial Institution Act 1995 (FIA) and the development of a new legislation were required in order to implement the DIS. These adjustments have made Deposit Insurance one of the key components of the ***financial safety net*** in Guyana. The safety net participants will serve to safeguard the stability of the financial sector from risks posed by institutional failures. The participants are the Bank of Guyana (prudential monitoring & supervision, ELA and resolution) and the Deposit Insurance Corporation.

Guyana Financial Safety Net Components



On July 13, 2018, the Deposit Insurance Act 2018 (DIA) was passed by the National Assembly and subsequently assented to by the President on August 13, 2018. Following a commencement order signed by the Minister of Finance and technical assistance received from the World Bank, the Deposit Insurance Scheme (DIS) became operational on April 2, 2019. The DIA provides for the establishment of the **Deposit Insurance Corporation** (DIC), and the creation of a **Deposit Insurance Fund** (the Fund).

The **DIC** will have operational independence and will serve to provide depositor protection, promote public confidence in the financial system and ultimately, financial stability. The DIC will also assist with facilitating a smooth winding-up process for troubled financial institutions. The **Fund** refers to the money dedicated explicitly to reimbursing depositors and providing financial assistance in the resolution or winding up process of a failed financial institution.

About the Deposit Insurance Corporation

As a major participant in the financial safety-net in Guyana, the BOG will oversee the Corporation's development in its formative years. In keeping with section 6 (1) of the DIA, the BOG has paid up/ contributed the authorised capital of \$300 million to the DIC. Furthermore, the DIC received a loan of \$500 million which was guaranteed by the Ministry of Finance.

In addition to the secondment of staff from the BOG for the Corporation's operation, the DIC is currently housed in the premises of the BOG as allowed by section 10 (1) of the DIA, where all necessary facilities are provided to the Corporation. The provision of these facilities is supported by a Memorandum of Understanding between the BOG and the DIC and has incorporated the clause of mutual confidentiality in the exchange of information. As permitted under section 33 (5) of the DIA, the Corporation has outsourced its investment function to the BOG, governed by an investment policy and monitored against an investment plan.

Member financial institutions (MFIs), or scheme members, are licensed under the Financial Institutions Act 1995 by which the Bank of Guyana serves as the supervisory

and resolution authority of the MFIs. As the prudential regulator, BOG continuously monitors the risk profile of MFIs and ensures the early detection and correction of weaknesses identified. With a risk assessment regime, in line with international best practices, already in place, the Corporation has entered into an agreement with the BOG to share periodic information on the financial soundness of scheme members.

The Deposit Insurance Fund

The Fund will be financed mainly through the payment of premiums by deposit-taking financial institutions that are members of the Scheme.

The Fund will be used specifically for:

- reimbursing depositors upon an insured event;
- providing financial assistance in the resolution or winding-up process of a failed financial institution;
- the repayment of any debts owed by the Corporation; and
- all administrative and management expenses incurred for the effective management of the Corporation.

Over the past few years, the Fund has continuously been expanding to achieve the prescribed target size for financial security. For this reason, the expenses of the Corporation are absorbed by the BOG.

The Fund mentioned henceforth includes the initial contributions and premiums received as well as the \$300 million capital prescribed by the Bank of Guyana in keeping with the requirements of section 6 (1) of the DIA. The aggregate of the two values constitutes the investment portfolio which the Bank invests on behalf of the Corporation.

Members of the Scheme

All licensed deposit-taking financial institutions operating in Guyana are required under section 3 (2) of the DIA to be members of the Deposit Insurance Scheme. Also referred to as the member financial institutions (MFIs), there are currently six (6) banks and two (2) non-banks that are MFIs:

Banks:

1. Republic Bank (Guyana) Limited
2. Guyana Bank for Trade & Industry Limited
3. The Bank of Nova Scotia
4. Demerara Bank Limited
5. Citizens Bank Guyana Inc.
6. Bank of Baroda (Guyana) Inc.

Non-bank deposit-taking institutions:

7. The New Building Society Limited
8. Hand-in-Hand Trust Corporation Inc.

Scope of Depositor Coverage

Who is covered?

Section 35 (1) of the DIA stipulates that coverage will be provided to all **eligible depositors**, who have deposits with member financial institution to an amount not exceeding **\$2 million**, including principal and interest.

This means that regardless of the number of accounts at one MFI, each depositor will receive a maximum of \$2 million of their combined deposits in the event of the decision to liquidate a MFI by the Bank of Guyana. In the case of joint accounts, the

amount is divided equally among the account holders (unless otherwise justified) and combined to any other existing deposits for reimbursement.

Who is not covered?

Pursuant to section 36 of the DIA, the following depositors are considered ineligible for protection:

- a. Deposits of financial institutions, including insurance companies and pension funds.
- b. Deposits of central and local government securities.
- c. Deposits of overseas branches of member financial institutions.
- d. Deposits of members of the Supervisory or Executive Board (their relatives and other affiliated persons) of the financial institution that is under resolution or liquidation.
- e. Deposits of shareholders (their relatives and other affiliated persons) who own 5% or more of the financial institution that is under resolution or liquidation.
- f. Deposits of persons under criminal investigation including individuals suspected of engaging in money laundering.

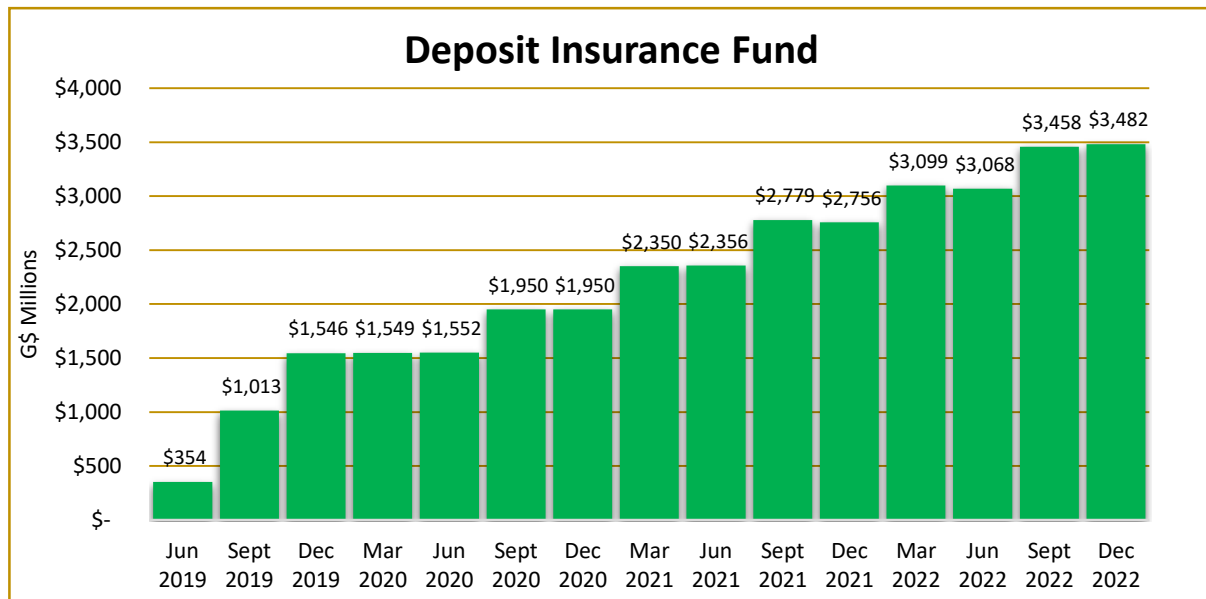
2022 - The Year in Review

In compliance with the **DIA** requirements, regular premiums are assessed on a bi-annual basis for the periods January – June and July – December. Premiums are paid into the Fund following the respective assessment periods. In accordance with section 29 (4), the Board has determined and announced the bi-annual rate of regular premiums at 0.25 percent.

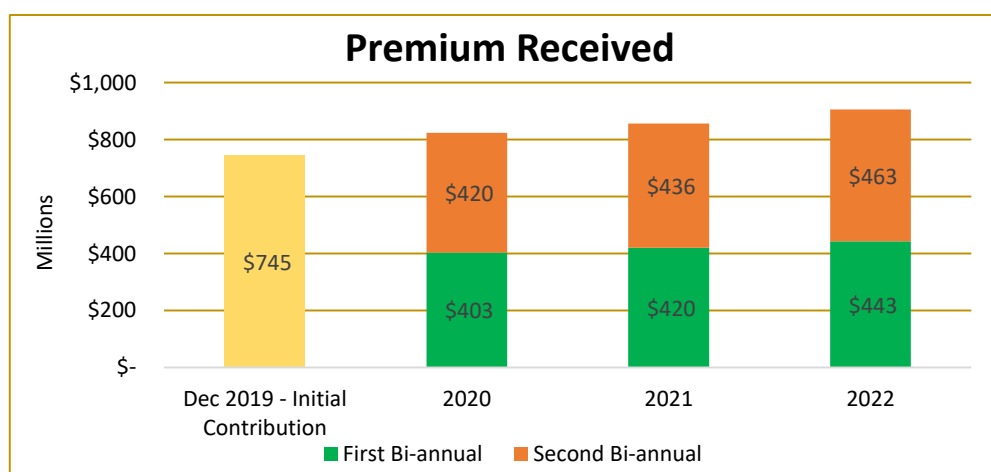
As of December 31, 2022, aggregate funds stood at \$3,482 million³, which grew 26.3 percent (\$726 million) from last year, mainly from two premium contributions, and accounted for an estimated 1.9 percent of average insured deposits, as the target size of five percent is expected to be achieved before 2029 as required under section 27

³ Funds here refer to premiums in the Deposit Insurance Fund and capital contribution offset by revaluation reserve.

(1) of the DIA. The following graph demonstrates the growth of the Fund from its establishment to the period ending December 31, 2022.



For the assessment period ended December 2022, MFIs have paid regular premiums, as per section 29 (6) of the DIA, which amounted to \$463 million. The graph below displays the payment of premiums over the four years. Payment of premium began in 2019 constituting the initial contribution and continued with payments twice per year for the two assessment periods January – June and July – December of each year. As seen in the graph above, contributions have been trending upward over the four years in operation.



Additionally, in accordance with section 54 (Transitional provisions) of the DIA, the Rules and Procedures of the Board was approved on March 3, 2022.



Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

AG: 74/2023

14 March 2023

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF THE
DEPOSIT INSURANCE CORPORATION OF GUYANA
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

I have audited the financial statements of the Deposit Insurance Corporation of Guyana, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Deposit Insurance Corporation of Guyana as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the Rules of the Deposit Insurance Corporation of Guyana.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs), and the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of my report. I am independent of the Deposit Insurance Corporation of Guyana in accordance with the ethical requirements that are relevant to my audit of the financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Rules of the Deposit Insurance Corporation of Guyana, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

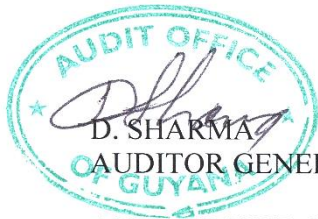
Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of my audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



D. SHARMA
AUDITOR GENERAL

AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

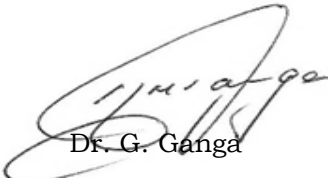
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Notes	2022 G\$'000	2021 G\$'000
ASSETS			
Investments	(7)	3,181,650	2,453,930
Deposits with Bank of Guyana		2,486	4,018
Balance with Foreign Banks	(6)	298,036	297,604
Receivables	(8)	10,918	2,639
TOTAL ASSETS		3,493,090	2,758,191
LIABILITIES & EQUITY			
LONG-TERM LIABILITIES			
Bank of Guyana - Initial Contribution	(3)	500,000	500,000
		<u>500,000</u>	<u>500,000</u>
EQUITY			
Paid up Capital	(5)	300,000	300,000
Revaluation Reserve		(205,655)	(39,546)
Deposit Insurance Fund		<u>2,898,745</u>	<u>1,997,737</u>
		2,993,090	2,258,191
TOTAL LIABILITIES & EQUITY		3,493,090	2,758,191

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Management of the Deposit Insurance Corporation of Guyana:


Dr. G. Ganga (Chairman)


Mr. O'Neil Greaves (Director)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	2022 G\$'000	2021 G\$'000
Income			
Members Initial Contributions	(3)	-	-
Biannual Premiums	(9)	874,168	840,315
Interest Earned	(10)	26,840	7,495
Total Income		901,008	847,774
Expenses			
General and Administrative Expenses	(11)	-	-
		-	-
		-	-
Net Income		901,008	847,774
Other Comprehensive Income/(Loss)			
Gain/(Loss) on Revaluation of Investments		(166,109)	(39,969)
Total Comprehensive Income for the Year		734,899	807,805

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	Paid up Capital	Revaluation Reserve	Deposit Insurance Fund	Total
	G\$'000	G\$'000	G\$'000	G\$'000
Balance as at December 31, 2020	300,000	423	1,149,963	1,450,386
Net Income	-	-	847,774	847,774
Other Comprehensive Income	-	(39,969)		(39,969)
Balance as at December 31, 2021	300,000	(39,546)	1,997,737	2,258,191
Net Income	-	-	901,008	901,008
Other Comprehensive Income/(Loss)	-	(166,109)	-	(166,109)
Balance as at December 31, 2022	300,000	(205,655)	2,898,745	2,258,191

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 G\$000	2021 G\$000
Operating Activities		
Net Income for the Year	<u>901,008</u>	<u>847,774</u>
Net Cash Flow from Operating Activities	901,008	847,774
Investing Activities		
Bank for International Settlements	(2,678)	458,137
Federal Reserve Bank	2,246	(16,840)
Purchase of Investments	(727,720)	(1,246,933)
(Increase)/Decrease in Receivables	<u>(8,279)</u>	<u>(1,900)</u>
Net Cash Flow from Investing Activities	(736,431)	(807,536)
Financing Activities		
Paid up Capital	-	-
Bank of Guyana - Initial Contribution	-	-
Revaluation Reserve	<u>(166,109)</u>	<u>(39,969)</u>
Net Cash Flow from Financing Activities	(166,109)	(39,969)
Net Increase/(Decrease) in Cash for the Year	(1,532)	269
Cash as at the Beginning of the Year	<u>4,018</u>	<u>3,749</u>
Cash as at the End of the Year	<u>2,486</u>	<u>4,018</u>
Deposits with Bank of Guyana	<u>2,486</u>	<u>4,018</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2022

1. Incorporation and functions

The Deposit Insurance Corporation of Guyana is an independent statutory body established under the Deposit Insurance Act 2018 (referred to hereinafter as the Act). The Act came into operation on April 2 and 3, 2019 by way of Commencement Order No. 13 of 2019 dated March 27, 2019. Pursuant to section 26(1) of the Act, the Deposit Insurance Fund was established with effect from June 7, 2019.

The functions of the Deposit Insurance Corporation are:-

- a) To manage the assets of the Deposit Insurance Fund and to provide through that Fund, reimbursement to insured depositors up to the insured limit upon the occurrence of an insured event.
- b) To Levy premiums and initial contributions from member financial institutions in accordance with the Act.
- c) To contribute funds for the resolution of member financial institutions.
- d) To promote public awareness and education on the Scheme.

The Corporation has appointed the Investment Manager of the Bank of Guyana with responsibility for investing the resources of the Fund pursuant to section 33(5) of the Act.

2. Basis of Preparation and Significant Accounting Policies

A. Basis of Preparation

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and their interpretation as adopted by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost convention except for the measurement at fair value of investment securities classified as available-for-sale. The accounting records reflect the activities of the Deposit Insurance Corporation and the resulting assets, liabilities, income and expenses of the corporation and the related Deposit Insurance Fund it has been established to manage.

These statements have been reported in Guyana dollars (G\$) and are presented in thousands (G\$'000). Foreign currency transactions have been translated to G\$ at the rate

of exchange ruling at the dates of the transactions. Rate of exchange at December 31, 2022 was GYD 208.50 = USD 1.

B. Adoption of new and revised IFRS and interpretations

The accounting policies adopted in preparation of the financial statements are consistent with those followed in the preparation of the corporation's annual financial statements for the year ended December 31, 2021.

Standards and interpretations issued but not yet effective

New Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of the corporation's financial statements are listed below. It is not anticipated that the new and amended standards, and interpretations will significantly impact the financial statements of the corporation when they become effective.

IAS 1	Presentation of Financial Statements (effective January 1, 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates & Errors (effective January 1, 2023)
IFRS 17	Insurance Contracts (effective date January 1, 2023)

Improvements to IFRS applicable January 1, 2022

IAS 16	Property, Plant and Equipment (effective January 1, 2022)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (effective January 1, 2022)
IFRS 3	Business Combinations (effective January 1, 2022)

The amendments and interpretations applied for the first time in 2022 did not have any impact on the corporation's financial statements.

C. Financial Instruments

The Deposit Insurance Corporation recognizes a financial asset or financial liability in its statement of financial position when the corporation becomes a party to the contractual provisions of the instrument.

(a) Classification of Investments

The Investment Manager would determine the classification of the instruments at the time of purchase and takes into account the underlying purposes for which the investment securities were purchased. Investments are classified as available-for-sale

and recognized on the date the corporation commits to the purchase of the investment. From this date, any gains and losses arising from changes in the fair value of the instruments are recognized directly as equity.

(b) Measurement

The corporation's investments comprising solely of US Treasury Obligations are classified as available-for-sale and measured at fair value through other comprehensive income.

Gains and losses arising from changes in the fair value of those available-for-sale investments are recognized directly in equity. When the financial assets are sold, collected or otherwise disposed of, the cumulative gains or losses recognized in equity is reversed and the gains or losses on the disposal are recognized in the statement of income.

(c) Fair value Measurement Principles

The fair value of investments classified as available-for-sale is based on quoted market prices at the date of the statement of financial position.

(d) Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired, or the corporation has transferred substantially all the risks and rewards of ownership of the asset or has relinquish control of the asset. A financial liability is derecognised when it is extinguished, that is when the obligation in the contract is either discharged, cancelled or expired.

3. Initial Contribution

- a) Each member financial institution was mandated to pay an initial contribution of 0.5% of the average amount of insured deposits held by the member at the start and end of the calendar year preceding entry into force of the Act. All member institutions met their required initial contribution obligations during the year 2019.
- b) The Bank of Guyana made an initial contribution of \$500 million to the Deposit Insurance Fund backed by a guarantee from the Government of Guyana dated June 12, 2019. This initial contribution shall be fully repaid by member financial institutions through assessment of regular or extraordinary premiums pursuant to section 28(1 & 2) of the Act.

4. Bank of Guyana

The Bank of Guyana has provided the Deposit Insurance Corporation with accommodation and administrative/operational support. A cash account is maintained with the Central Bank to facilitate local currency deposits and/or withdrawals of the Fund.

5. Paid up Capital

The capital of the corporation shall be a sum of \$300 million which shall be fully subscribed and paid up by the Central Bank. The Bank has fully paid up the sum of \$300 million.

6. Balance with Foreign Banks

	2022		2021	
	US\$	G\$'000	US\$	G\$'000
Bank for International Settlements	1,088,871	227,030	1,076,029	224,352
Federal Reserve Bank of New York	340,558	71,006	351,329	73,252
	1,429,429	297,604	1,427,358	297,604

7. Investments

Investments of the corporation are classified as available-for-sale. These investments were initially recognized at cost and then subsequently carried at fair value through other comprehensive income.

Available for Sale:

	2022		2021	
	US\$	G\$'000	US\$	G\$'000
US Treasury Notes	15,259,713	3,181,650	11,769,449	2,453,930
	15,259,713	3,181,650	11,769,449	2,453,930

The Treasury Notes are held with the Federal Reserve Bank of New York and rated 'AA+' by the rating Agency – Standard & Poor's.

	G\$'000
Balance as at December 31, 2021	2,453,930
Additions	893,829
Disposals	-
Gain or (Loss) on Fair Value	(166,109)
Balance as at December 31, 2022	3,181,650

Investment Maturities

	2022				
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total G\$'000
US Treasury Notes	635,771	994,301	1,551,578	-	3,181,650
	2021				
US Treasury Notes	-	951,153	1,502,777	-	2,453,930

8. Receivables

Receivables is recognized in the statement of financial position for all interest receivable on financial instruments.

9. Biannual Premiums

Each member financial institution is mandated to pay regular premiums on a biannual basis of 0.25% of the average insured deposits held over the preceding assessment period. The assessment periods start on the first day of January and July of each year.

10. Interest Earned

Interest earned is recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis.

	2022 G\$'000	2021 G\$'000
Interest on Investments	21,614	7,136
Interest on Deposits with Foreign Banks	5,226	323
	26,840	7,459

11. General and Administrative Expenses

The Bank of Guyana has absorbed operational expenses of the Deposit Insurance Corporation for the year. General and administrative expenses absorbed for the year ended December 31, 2022 were as follows:

	2022	2021
	G\$'000	G\$'000
Director Fees	204	192
Employment Expenses	15,150	14,129
Audit Fees	794	1,062
Other Expenses	-	-
	16,148	15,383

12. Key Management Personnel

The Board of Directors of the Deposit Insurance Corporation of Guyana comprised of the following members:

Dr. Gobind Ganga	-	Chairman
Vacant ⁴	-	Representative of the Minister of Finance
Ms. Pauline Chase	-	Independent Director
Mr. O'Neil Greaves	-	Independent Director
Mr. Navindra Datt Prashad	-	Independent Director

Director fees paid for the year were as follows:

Board Member	Fees paid for the Year
	G\$'000
Dr. Gobind Ganga	60
Ms. Pauline Chase	48
Mr. O'Neil Greaves	48
Mr. Navindra Datt Prashad	48
	204

⁴ A representative of the Minister of Finance to be nominated.

13. Financial Risk Management

The Deposit Insurance Corporation is susceptible to financial risks inherent in its operation and the effective management of these risks is essential to the profitability of the corporation. The Corporation's risk management framework involves the identification, assessment and monitoring of risks through the adoption of various approaches as guided by its policies. Risks are managed by the Investment Manager of the Bank of Guyana and at the corporation's directorate level.

The Corporation is exposed to credit, market and liquidity risks arising from its holdings of financial instruments.

(a) Credit Risk

Credit risk is the risk of loss arising from the failure of a counterparty to discharge its obligations in accordance with agreed terms. The Corporation's investment portfolio which comprises solely of US Treasury Notes are exposed to credit risk.

The Corporation manages credit risk through investment in high quality assets issued by governments, central banks or public financial institutions with long-term credit ratings of 'AA' or equivalent. There is also continuous monitoring of the global financial markets including the economic developments of countries in which investment exposures are concentrated.

The Treasury Notes held were issued by the Federal Reserve Bank of New York which has a credit rating of 'AA+'.

(b) Market Risk

Market risk is the risk that the value of financial instruments will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded on the market.

(i) Interest Rate Risk

Interest rate risk is the risk that future cash flows or the fair value of financial instruments will fluctuate due to changes in market interest rates. This risk arises from holdings of investment securities and deposits with foreign banks.

The Deposit Insurance Corporation manages this risk by continuously monitoring market conditions and yields. The investment portfolio comprised solely of available-for-sale fixed-rate US Treasury Notes.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation's exposure to the effects of foreign exchange fluctuations arises from its holdings of foreign currency denominated assets.

The corporation manages the risk of adverse exchange rate movements through constant monitoring of market conditions and trends. Further mitigation measures are also taken to ensure that foreign currency assets are maintained in stable currencies. The principal currency in which foreign assets are denominated is the United States dollar.

The aggregate G\$ equivalent amounts of assets and liabilities denominated in foreign currencies are shown below, along with the impact of a reasonable rate movement of each currency against the Guyana dollar.

	2022			
FINANCIAL ASSETS	GYD	USD	OTHER	Total
	G\$'000	G\$'000	G\$'000	G\$'000
		(Equiv.)		
Deposits with Bank of Guyana	2,486	-	-	2,486
Foreign Banks	-	298,036	-	298,036
Investments	-	3,181,650	-	3,181,650
Interest Receivable	-	10,918	-	10,918
TOTAL FINANCIAL ASSETS	2,486	3,490,604	-	3,493,090
FINANCIAL LIABILITIES				
Bank of Guyana - Initial Contribution	500,000	-	-	500,000
TOTAL FINANCIAL LIABILITIES	500,000	-	-	500,000
NET POSITION	(497,514)	3,490,604	-	2,993,090
Impact on Net Income				
+0.50%	-	17,453	-	17,453
-0.50%	-	(17,453)	-	(17,453)

2021

FINANCIAL ASSETS	GYD G\$'000	USD G\$'000 (Equiv.)	OTHER G\$'000	Total G\$'000
Deposits with Bank of Guyana	4,018	-	-	4,018
Foreign Banks	-	297,604	-	297,604
Investments	-	2,453,930	-	2,453,930
Interest Receivable	-	2,639	-	2,639
TOTAL FINANCIAL ASSETS	4,018	2,754,173	-	2,758,191
FINANCIAL LIABILITIES				
Bank of Guyana - Initial Contribution	500,000	-	-	500,000
TOTAL FINANCIAL LIABILITIES	500,000	-	-	500,000
NET POSITION	(495,982)	2,754,173	-	2,258,191
Impact on Net Income				
+0.50%	-	13,771	-	13,771
-0.50%	-	(13,771)	-	(13,771)

(c) Liquidity Risk

Liquidity risk is the risk that the Deposit Insurance Corporation will be unable to meet its payment obligations when they fall due or will encounter difficulty in converting its investment securities to cash at or close to its fair value. The Corporation holds available-for-sale investments that can easily be sold in the securities market. Additionally, deposits are held with foreign banks which can be easily called in the event such a need arises.

The Bank of Guyana has absorbed all operational expenses of the Deposit Insurance Corporation over the last four years.