

***Deposit Insurance Corporation***



**ANNUAL REPORT**  
**2023**



## 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

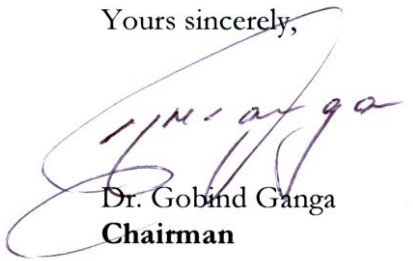
March 22, 2024

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 2023.

Yours sincerely,



Dr. Gobind Ganga  
**Chairman**



## Deposit Insurance Corporation of Guyana

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## MISSION

To foster the stability and public confidence in Guyana's financial sector by providing insurance coverage against depositors' funds 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.

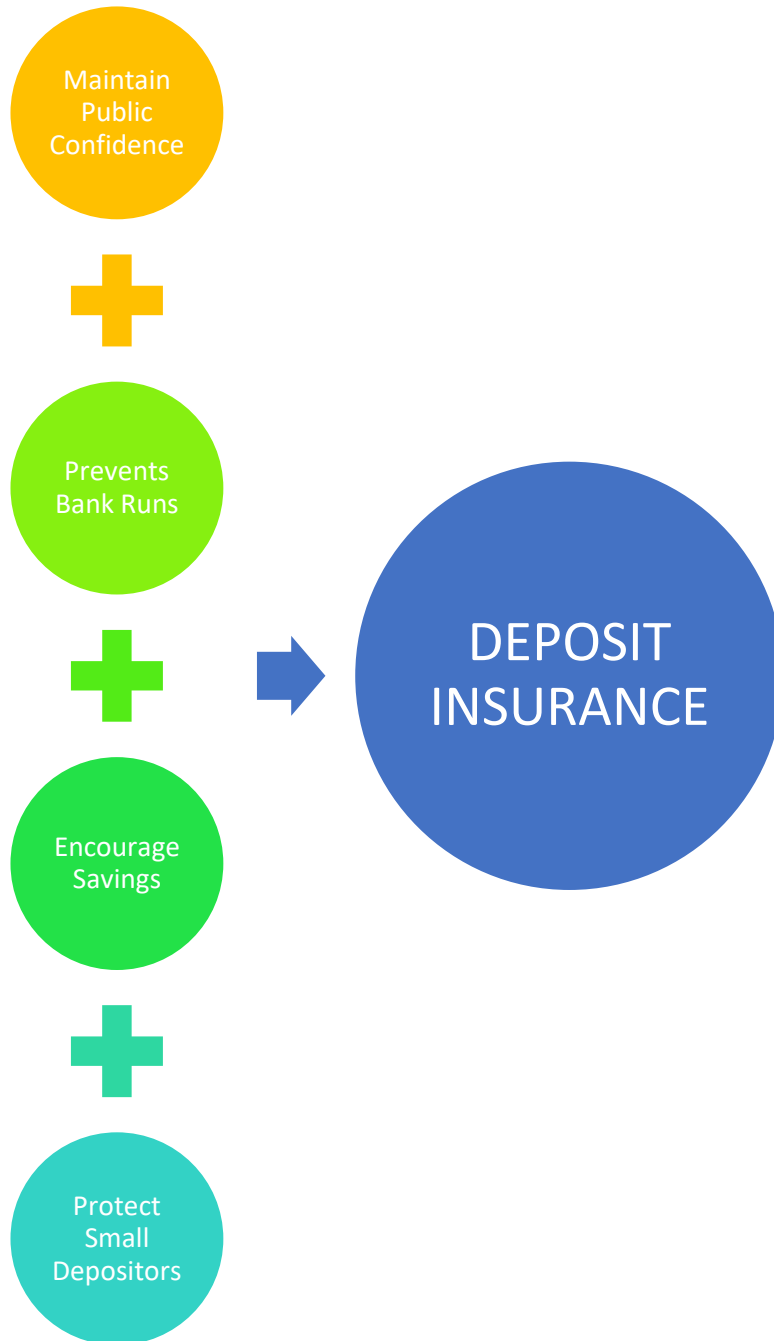
**Integrity** - To exhibit the highest ethical standard in the performance of our duty.

**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.

## *What Deposit Insurance does for you?*



## Glossary of Terms

**Coverage Limit** (Insured Limited) – refers to the maximum amount that is reimbursable to a depositor in respect of an insured deposit. This amount includes principal plus interest.

**Deposit** – This is a sum of money paid to a member institution on terms under which it will be repaid with or without interest or a premium, and either on demand or at a time or in circumstances agreed. However, it does not include money which is related to the provision of property or services or the giving of security.

**Deposit Insurance Fund** – The Fund was established under the Deposit Insurance Act 2018 to protect depositors. It is financed primarily by regular premiums paid by member financial institutions and other injections such as capital contributions and income earned on investments. The Fund is maintained by the Corporation to pay depositors should their member financial institution fail.

**Depositor** – Refers to a natural or legal person who owns a deposit.

**Insurable Deposits** – means eligible deposits which do not exceed the Maximum Coverage Level prescribed under the Deposit Insurance Act 2018.

**Insured Deposits** – the portion of insurable deposits within the coverage limit of G\$2,000,000.

**Premium Assessment rate** – refers to the rate at which regular premiums shall be set by the Deposit Insurance Corporation's Board before the commencement of each assessment period.

**Regular Premiums** - The amount that a Member Financial Institution pays to the Corporation on a bi-annual basis at a prescribed rate.

**Resolution** – implies the resolution of a financial institution under Part VIII of the Financial Institution Act. This is a plan to resolve a failing member institution. It may include liquidation and depositors reimbursement; transfer and/or sale of assets and liabilities; establishment of a temporary bridge institution and write-down or conversion of debt to equity. Plans for resolution are administered by the Bank of Guyana.

**Target Size** – Also referred to as the target fund size measures the Fund total as a portion of insured deposits.



## Chairman's Remarks

It is with great pleasure we present the 4<sup>th</sup> Annual Report of the Deposit Insurance Corporation (DIC/ the Corporation) for the financial year ended December 31, 2023. Since its inception in 2019, the DIC has been working assiduously with the Bank of Guyana to strengthen the financial safety-net in Guyana.

On the global front, economic activity still falls short of its pre-pandemic path, especially in emerging markets and developing economies. This comes as a result of the repercussions of the pandemic as well as the increasing political turmoil across countries.

In 2023, the Bank of Guyana amended its supervisory guideline catering to the ever-evolving Anti-Money Laundering and Countering the Financing of Terrorism Act which will further enhance the regulatory framework for member financial institutions (MFIs). These amendments aimed at bolstering the fight against money laundering and terrorist financing are essential to protect the integrity and stability of the financial system.

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 32.5 percent or \$1.1 billion which now brings the total Fund size to \$4.6 billion at the end-2023. This growth resulted mainly from premiums paid by the MFIs, assisted by fair earnings on investment activities.

The recent bank failures in the USA and Switzerland emphasize the importance of deposit insurance for financial stability. In Guyana, the performance of member institutions is closely monitored by the Corporation and the Bank of Guyana. As such, MFIs continue to be resilient through robust capital and liquidity levels, along with improving asset quality and credit growth.

The Corporation's strategic priorities for 2024, will be to further strengthen its operational readiness and enhance its public awareness programme coupled with providing comprehensive coverage for 92 percent of depositors in MFIs at the current \$2 million insured limit. This level of coverage is consistent with the Corporation's mandate and target objectives.

My sincere gratitude goes out to the Board of Directors and staff of the Corporation for their dedication and commitment in the year 2023 and I look forward to your continued support in the year ahead.

Yours sincerely,

Dr. Gobind Ganga  
**Chairman**

Deposit Insurance Corporation



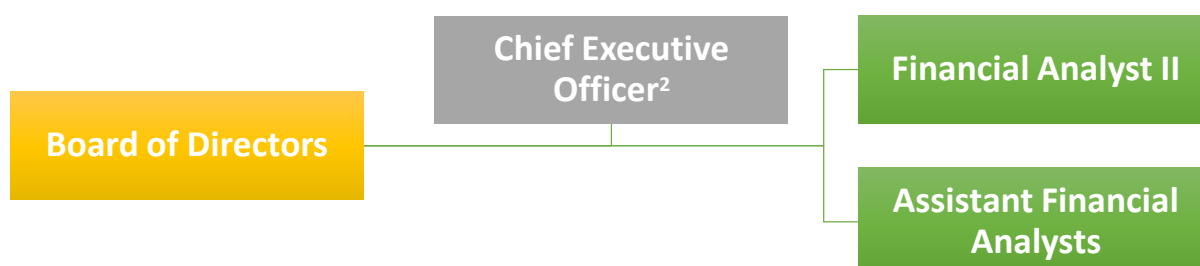
## The Board

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 2023, statutory meetings were held three times. As prescribed under section 13 (1) of the DIA, the Board was comprised of the following individuals<sup>1</sup>:

- |                         |   |   |
|-------------------------|---|---|
| 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 2023, the term of appointment for Mr. Navindra Datt Prashad expired on January 7, 2023 and as permitted under section 13 (3) of the DIA, Mr. Prashad has been reappointed until 2026.

## Organizational Structure<sup>2</sup>



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

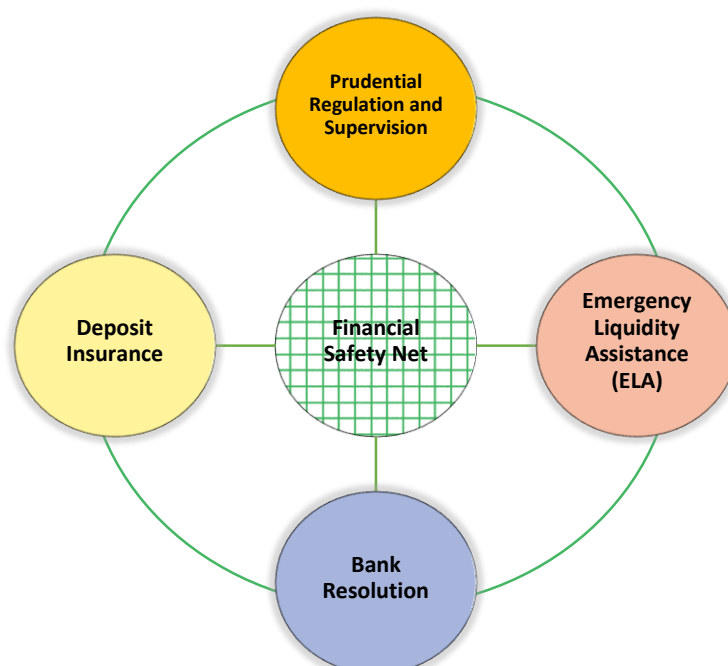
<sup>2</sup> The position of the Chief Executive Officer will be filled when the operating activities of the DIC becomes substantial and no longer depends on the resources of the Bank of Guyana.

## 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, emergency liquidity assistance and resolution) and the Deposit Insurance Corporation.

Figure 1: 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 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 member 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:

### *Commercial 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.

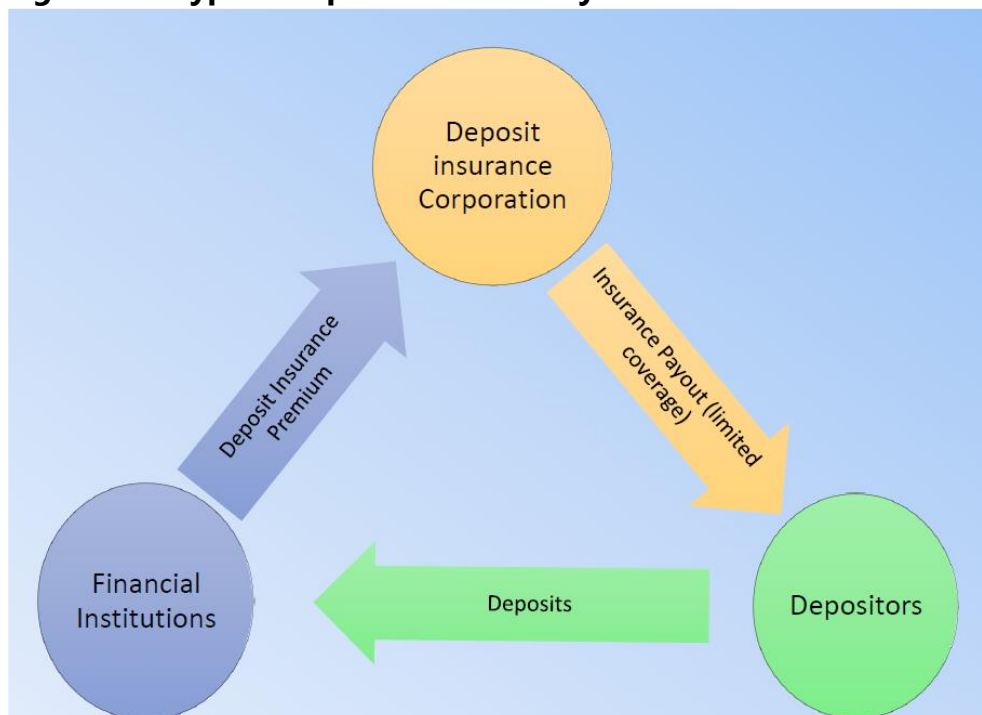
## How the System Works

The deposit insurance system is designed to safeguard depositors from the risks undertaken by their Member Financial Institution (MFI). This is done by means of two timely and efficient methods of protection when an MFI fails and placed into liquidation.

1. An insurance pay-out – direct compensation to depositors up to the insured limit.
2. Resolution financing – transfer of assets to the new institution.

When a depositor deposits at a MFI, a contract is automatically formed among the depositor, the MFI and the DIC through the Deposit Insurance Act. This tripartite agreement establishes trust among the participants and is provided at no cost to the depositors. The system is funded by insurance premiums paid by MFIs based on the level of insurable deposits currently held. The graph shown depicts a typical system of deposit insurance.

**Figure 2: A typical deposit insurance system.**



## **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 authorities.
- 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.

## 2023 - The Year in Review

### Financial Risk Assessment of Members – A Snapshot

MFIs have a strong foundation and adequate buffers which offer assurance to their capacity to uphold financial stability. Members of the scheme continue to grow steadily to facilitate growing economic needs.

**Figure 3 – Selected Aggregate Prudential Ratios of Members**

	Liquid Assets Ratio	Non-performing To Total Loans	Return on Assets	Capital Adequacy Ratio	Reserve for Loan Loss to Non-performing Loans
December 2023	31.8	2.9	2.0	23.0	66.3
(December 2022)	(32.2)	(5.1)	(2.2)	(19.3)	(58.0)

Source: Bank of Guyana Data

- ✓ MFIs are adequately capitalised with positions exceeding the prudential minimum of 8 percent ensuring their loss-absorbing capacity.
- ✓ Asset quality is well managed with adequate provisioning against potential credit risk.
- ✓ Members are fairly profitable with increased income levels.
- ✓ Liquidity positions are at healthy levels.
- ✓ Loans are growing at a steady rate.

#### The Deposit Insurance Fund

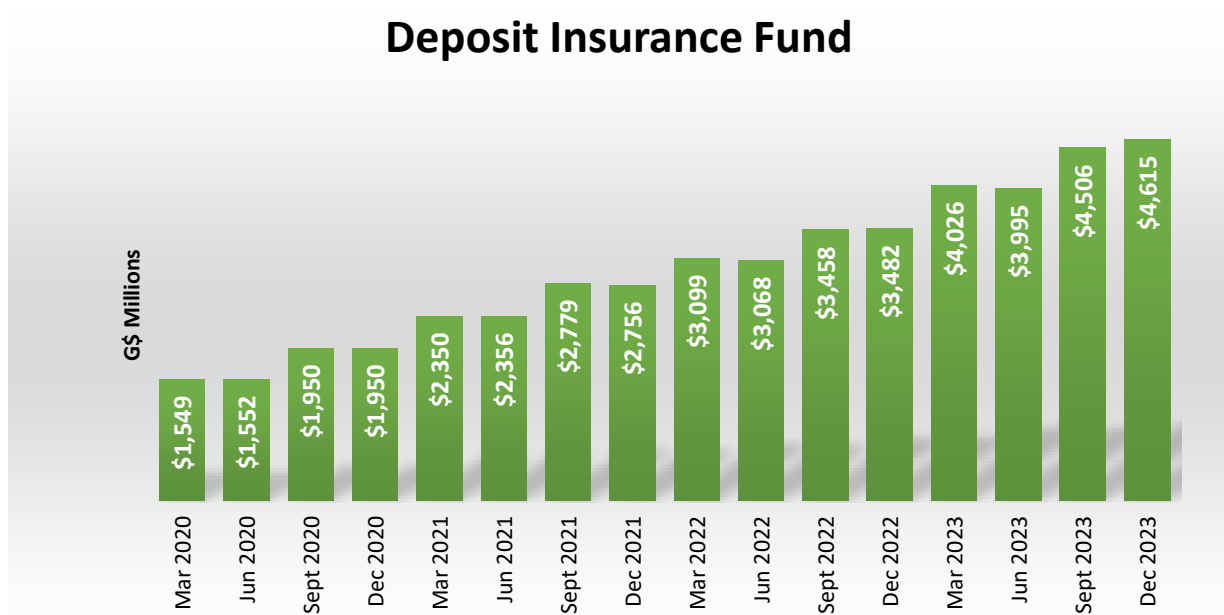
In compliance with the **DIA** requirements, regular premiums are assessed on a bi-annual basis for the periods January – June and July – December. Premiums are paid into the Fund following the respective assessment periods. In accordance with section 29 (4), the Board has determined and announced the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

As of December 31, 2023, aggregate funds stood at \$4,615 million<sup>3</sup>, which grew 32.5 percent (\$1,132 million) from last year, mainly from two premium contributions, and accounted for an estimated 2.3 percent of average insured deposits, as the target size of five percent is expected to be achieved before 2029 as required under section 27

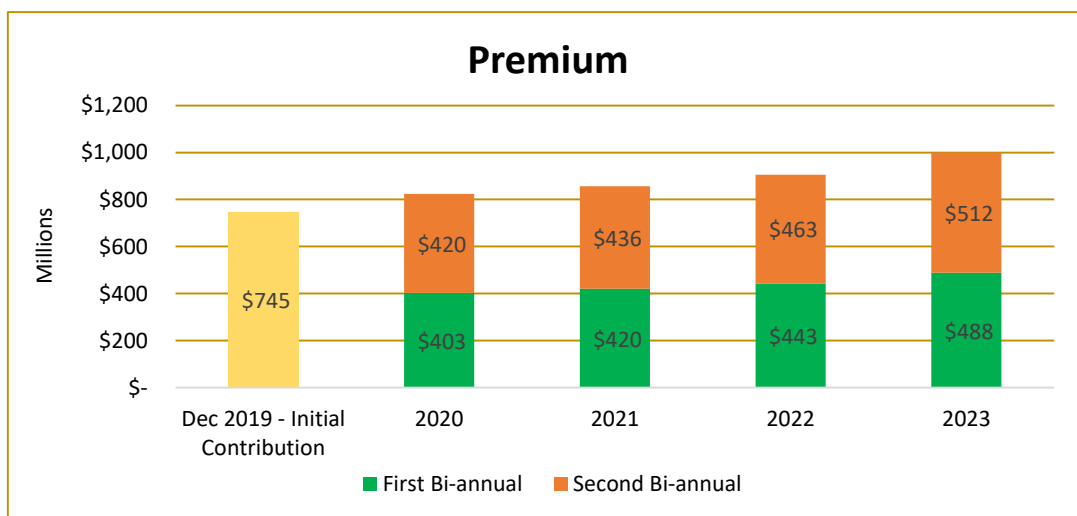
<sup>3</sup> Funds here refer to premiums in the Deposit Insurance Fund and capital contribution offset by revaluation reserve.



(1) of the DIA. The following graph demonstrates the growth of the Fund from 2020 to the period ending December 31, 2023.



For the assessment period ended December 2023, MFIs have paid regular premiums, as per section 29 (6) of the DIA, which amounted to \$512 million. The graph below displays the payment of premiums since the Funds’ establishment. 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.





## *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: 33/2024

19 March 2024

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 2023

### *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 2023, 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 2023, 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.



AUDIT OFFICE OF GUYANA  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

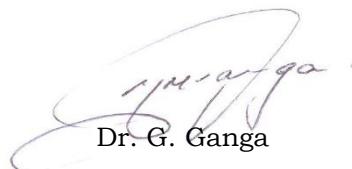
**STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2023

	Notes	2023 G\$'000	2022 G\$'000
<b>ASSETS</b>			
Investments	(7)	3,075,292	3,181,650
Deposits with Bank of Guyana		512	4,018
Balance with Foreign Banks	(6)	1,538,737	298,036
Receivables	(8)	22,895	10,918
<b>TOTAL ASSETS</b>		<b><u>4,637,436</u></b>	<b><u>3,493,090</u></b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>LONG-TERM LIABILITIES</b>			
Bank of Guyana - Initial Contribution	(3)	500,000	500,000
		<u>500,000</u>	<u>500,000</u>
<b>EQUITY</b>			
Paid up Capital	(5)	300,000	300,000
Revaluation Reserve		(115,061)	(205,655)
Deposit Insurance Fund		3,952,497	2,898,745
		<b><u>4,137,436</u></b>	<b><u>2,993,090</u></b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b><u>4,637,436</u></b>	<b><u>3,493,090</u></b>

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, 2023

	Notes	2023 G\$'000	2022 G\$'000
<b>Income</b>			
Members Initial Contributions	(3)	-	-
Biannual Premiums	(9)	951,289	874,168
Interest Earned	(10)	100,435	26,840
Net gains/(losses) on Foreign Exchange		-	-
Net gains/(losses) on Foreign Investments		2,028	-
<b>Total Income</b>		<b>1,053,752</b>	<b>901,008</b>
<b>Expenses</b>			
General and Administrative Expenses	(11)	-	-
		-	-
<b>Net Income</b>		<b>1,053,752</b>	<b>901,008</b>
<b>Other Comprehensive Income/(Loss)</b>			
Gain/(Loss) on Revaluation of Investments		(90,594)	(166,109)
<b>Total Comprehensive Income for the Year</b>		<b>1,144,346</b>	<b>734,899</b>

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

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>Paid up Capital</b>	<b>Revaluation Reserve</b>	<b>Deposit Insurance Fund</b>	<b>Total</b>
	<b>G\$'000</b>	<b>G\$'000</b>	<b>G\$'000</b>	<b>G\$'000</b>
<b>Balance as at December 31, 2021</b>	300,000	(39,546)	1,997,737	2,258,191
Net Income	-	-	901,008	901,008
Other Comprehensive Income	-	(166,109)		(166,109)
<b>Balance as at December 31, 2022</b>	<b>300,000</b>	<b>(205,655)</b>	<b>2,898,745</b>	<b>2,993,090</b>
Net Income	-	-	1,053,752	1,053,752
Other Comprehensive Income/(Loss)	-	90,594	-	90,594
<b>Balance as at December 31, 2023</b>	<b>300,000</b>	<b>(115,061)</b>	<b>3,952,497</b>	<b>4,137,436</b>

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>2023</b> <b>G\$000</b>	<b>2022</b> <b>G\$000</b>
<b>Operating Activities</b>		
Net Income for the Year	<u>1,053,752</u>	<u>901,008</u>
<b>Net Cash Flow from Operating Activities</b>	<b>1,053,752</b>	<b>901,008</b>
<b>Investing Activities</b>		
Bank for International Settlements	(11,854)	(2,678)
Federal Reserve Bank	(1,228,847)	2,246
Purchase of Investments	106,358	(727,720)
(Increase)/Decrease in Receivables	<u>(11,977)</u>	<u>(8,279)</u>
<b>Net Cash Flow from Investing Activities</b>	<b>(1,146,320)</b>	<b>(736,431)</b>
<b>Financing Activities</b>		
Paid up Capital	-	-
Bank of Guyana - Initial Contribution	-	-
Revaluation Reserve	<u>90,594</u>	<u>(166,109)</u>
<b>Net Cash Flow from Financing Activities</b>	<b>90,594</b>	<b>(166,109)</b>
Net Increase/(Decrease) in Cash for the Year	(1,974)	(1,532)
Cash as at the Beginning of the Year	<u>2,486</u>	<u>4,018</u>
Cash as at the End of the Year	<u><b>512</b></u>	<u><b>2,486</b></u>
Deposits with Bank of Guyana	<u><b>512</b></u>	<u><b>2,486</b></u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2023

### 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, 2022.

### **Standards and interpretations issued but not yet effective**

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 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, 2024)
IFRS 16	Leases (effective January 1, 2024)

### **Improvements to IFRS applicable January 1, 2023**

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 January 1, 2023)

The amendments and interpretations applied for the first time in 2023 had no 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 are 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 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**

	2023		2022	
	US\$	G\$'000	US\$	G\$'000
Bank for International Settlements	1,145,725	238,884	1,088,871	227,030
Federal Reserve Bank of New York	6,234,307	1,299,853	340,558	71,006
	<b>7,380,032</b>	<b>1,538,737</b>	<b>1,429,429</b>	<b>298,036</b>

**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:**

	2023		2022	
	US\$	G\$'000	US\$	G\$'000
US Treasury Notes	14,749,605	3,075,292	15,259,713	3,181,650
	<b>14,749,605</b>	<b>3,075,292</b>	<b>15,259,713</b>	<b>3,181,650</b>

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

	<b>G\$'000</b>
Balance as at December 31, 2022	3,181,650
Additions	447,370
Disposals	(644,322)
Gain or (Loss) on Fair Value	90,594
<b>Balance as at December 31, 2023</b>	<b>3,075,292</b>

### Investment Maturities

	<b>2023</b>					<b>Total G\$'000</b>
	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>		
US Treasury Notes	509,860	1,632,996	932,436	-	3,075,292	
	<b>2022</b>					
US Treasury Notes	635,771	994,301	1,551,578	-	3,181,650	

### 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.

	<b>2023 G\$'000</b>	<b>2022 G\$'000</b>
Interest on Investments	54,475	21,614
Interest on Deposits with Foreign Banks	45,960	5,226
	<b>100,435</b>	<b>26,840</b>

**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, 2023 were as follows:

	<b>2023</b>	<b>2022</b>
	<b>G\$'000</b>	<b>G\$'000</b>
Director Fees	153	204
Employment Expenses	16,116	15,150
Audit Fees	891	794
Other Expenses	22	-
	<b>17,182</b>	<b>16,148</b>

**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 <sup>4</sup>	-	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:

<b>Board Member</b>	<b>Fees paid for the Year</b>
	<b>G\$'000</b>
Dr. Gobind Ganga	45
Ms. Pauline Chase	36
Mr. O'Neil Greaves	36
Mr. Navindra Datt Prashad	36
	<b>153</b>

<sup>4</sup> 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.

	<b>2023</b>			
<b>FINANCIAL ASSETS</b>	<b>GYD</b>	<b>USD</b>	<b>OTHER</b>	<b>Total</b>
	<b>G\$'000</b>	<b>G\$'000</b>	<b>G\$'000</b>	<b>G\$'000</b>
		<b>(Equiv.)</b>		
Deposits with Bank of Guyana	512	-	-	512
Foreign Banks	-	1,538,737	-	1,538,737
Investments	-	3,075,292	-	3,075,292
Interest Receivable	-	22,895	-	22,895
<b>TOTAL FINANCIAL ASSETS</b>	<b>512</b>	<b>4,636,924</b>	<b>-</b>	<b>4,637,436</b>
<b>FINANCIAL LIABILITIES</b>				
Bank of Guyana - Initial Contribution	500,000	-	-	500,000
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>
<b>NET POSITION</b>	<b>(499,488)</b>	<b>4,636,924</b>	<b>-</b>	<b>4,137,436</b>
<b>Impact on Net Income</b>				
<b>+0.50%</b>	-	23,185	-	23,185
<b>-0.50%</b>	-	(23,185)	-	(23,185)



2022

<b>FINANCIAL ASSETS</b>	<b>GYD</b>	<b>USD</b>	<b>OTHER</b>	<b>Total</b>
	<b>G\$'000</b>	<b>G\$'000</b>	<b>G\$'000</b>	<b>G\$'000</b>
		<b>(Equiv.)</b>		
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
<b>TOTAL FINANCIAL ASSETS</b>	<b>2,486</b>	<b>3,490,604</b>	<b>-</b>	<b>3,493,090</b>
<b>FINANCIAL LIABILITIES</b>				
Bank of Guyana - Initial Contribution	500,000	-	-	500,000
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>
<b>NET POSITION</b>	<b>(497,514)</b>	<b>3,490,604</b>	<b>-</b>	<b>2,993,090</b>
<b>Impact on Net Income</b>				
<b>+0.50%</b>	-	17,453	-	17,453
<b>-0.50%</b>	-	(17,453)	-	(17,453)

**(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.